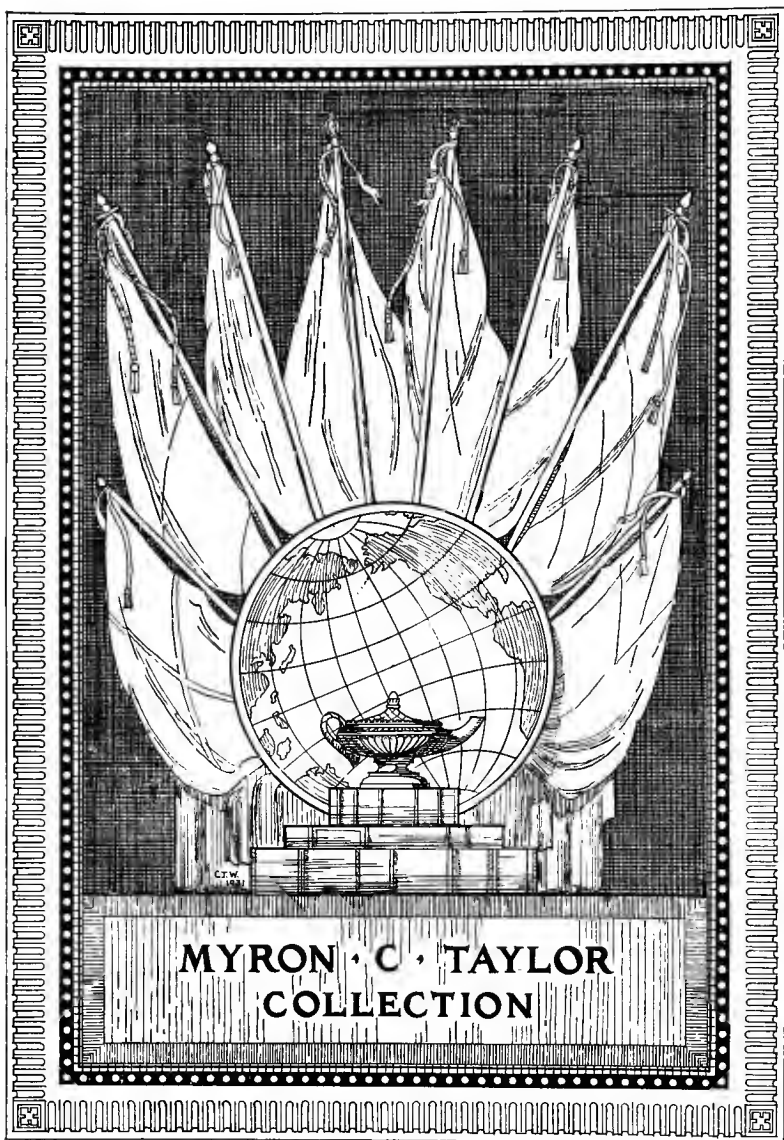


SCIENTIFIC TARIFF MAKING

BY HENRY TARLETON WILLS



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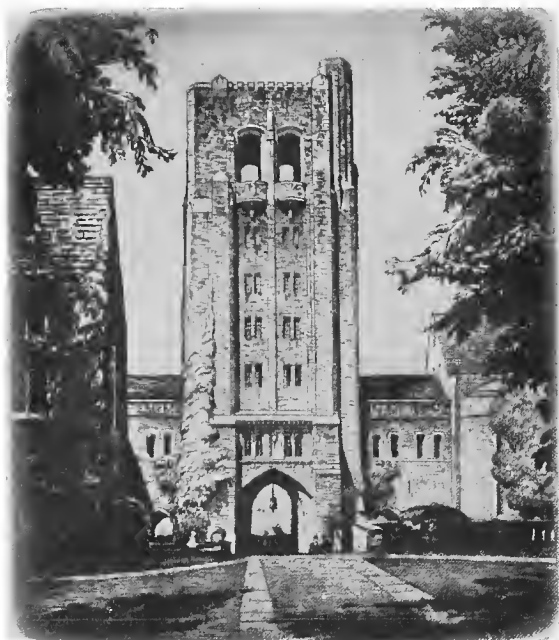
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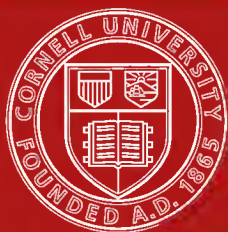
Henry Carlton Wells.

November 28 1913.





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SCIENTIFIC TARIFF MAKING

A HISTORY
OF THE MOVEMENT TO CREATE
A TARIFF COMMISSION

BY
HENRY TARLETON WILLS
SECRETARY
NATIONAL TARIFF COMMISSION ASSOCIATION

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HENRY TARLETON WILLS,
Secretary National Tariff Commission Association

INTRODUCTION

THE tariff of any nation is a question of applied science.

You must not talk before you know. You must not talk before you do—or talk before you think. This means pure science, which is built on self-evident truths, not on observation and experiment. It means also practical science, which teaches how to do something useful.

Science pure and simple is a knowledge of anything pertaining to its usefulness or its necessity, co-ordinated, arranged and systematized.

This requires training and skill based on training. It means a logical analysis of the general body of facts.

It means the simplification of real facts. All this may sound academic, but if so it sounds a true note. It is not possible to get at the real by means of imagination, but only by a study of conditions.

Science has been the real development of everything which has a definite purpose. It is knowledge and knowledge is accomplishment.

The word tariff conveys to the majority nothing more than a tax and the majority detest a tax of any kind, simply because it is not understood. We cannot have unless we pay. We cannot ride unless we contribute something to the maintenance of the method of transport. We cannot even walk without wearing out leather or some foot covering, or even the foot itself. There is always a tariff, call it what you will. No country or its government can exist without a means of support and this means is inevitably a tariff. It is bound to hit somewhere, it may have many names, subterfuge, free trade, income tax, but always tariff. Politics can be spelled with it, so can wars and governments and boundaries, trade and commerce, law and order, Socialism and Anarchy, it is all tariff, the God that rules.

The more immediate knowledge of what a tariff means to

this country, how it applies to our progress, how it affects our production, what it does in our development, how it is misused and abused, how it is misunderstood and cavilled at, what it is, how it is, how it can be applied to our benefit, how it is a curse to our advancement, will all appear in this brief history of an effort to place before our people an intelligent statement, which should clearly demonstrate that to accomplish the best results, it is necessary to know, to know it is necessary to be taught, to be willing to be guided by real knowledge, not imagination, experiment or half-baked theories, and once acquiring the knowledge to apply it judiciously, reasonably and effectively and by such application realize the best results.

This introduction precedes the history of four years of effort of leading men in this country, who have intelligently, persistently and consistently endeavored to place before the people of these United States, the basic principles governing a tariff, and particularly as applied to the requirements of our own nation.

The men who have given their time, their brains and their money, who have used all these in acquiring and disseminating a knowledge of not only what has gone before, but what at present exists and furthermore may be created, are the men to be thanked for their unswerving courage, generosity and patriotism, in bringing to the attention of the American people, actual knowledge, applied science, as it has to do with the tariff-making laws of our country.

New York, April, 1913.

FOREWORD

ANY reader or student or searcher after the truth is or should be governed in his judgment by a satisfaction that, whatever he reads or studies or desires to learn, is intelligently presented and that the facts underlying the motive are clearly set forth and arrived at, by a definite knowledge.

The author of this history of a great effort to arouse the public to a sense of a national necessity in the making of our tariff laws, feels justified in presenting his reasons for giving to all men of his country who are directly or indirectly identified with its progress, facts, together with the details which have led to his desire to disseminate a knowledge of the greatest importance to every producing interest, which makes for the growth of our Republic.

As the Secretary of the National Tariff Commission Association, it is my purpose to give an accurate account of all that has preceded the movement towards a creation of a Permanent Non-Partisan Tariff Commission and the struggles and accomplishment of those who have brought the question before our citizens. A study of tariff principles, an endeavor to secure a true insight into methods and practices of those countries which have particularly and scientifically aimed to secure the best basis to operate an economic question, have led me to exhaustively study in every country facts and conditions where any tariff is operative. The methods of other nations are necessarily of importance in determining how far we in this United States can profit and at the same time learn to what extent we are justified in utilizing this information in the making of our own laws.

The author's own experience goes back but a quarter of a century; he fully appreciates his own limited knowledge when he appeared before the Ways and Means Committee in 1890, when Mr. McKinley was framing a McKinley Tariff Bill; but since that date, circumstances sent him into the world and around it

in investigations of industrial and trade conditions which directly applied to the extension of our own commerce. This gave an opportunity to learn much of tariff problems and at each turn there was always the desire to know wherein we were weak and our competitors strong, and not to build on our own strength, but rather to learn by our own weakness.

After nearly ten years in foreign countries, the opportunity came to utilize this knowledge and to combine it with the intelligence of leaders in a movement in this country, to place our tariff-making methods on a sound, scientific and safe and sane basis.

As secretary of the National Tariff Commission Association, I was placed in possession of many facts, which led up to the formation of an association composed of masters in tariff construction, and the story of the work is one that I am more than glad to give, believing that the value is vital, that the evolution is illuminating, and that the result is certain.

To the people of the United States, for each and every one who has the interest of his country at heart, the facts must appeal, and the certainty of the result must depend upon them.

You must all go to the law makers of the land and demand the right.

Henry Tazleton Wells

UNITED STATES TARIFF BILLS

1789 to 1909.

TARIFF has been an issue in American politics since the organization of the Republic. The first Congress passed a Tariff Bill. The different tariff bills have been as follows: 1. Tariff in 1789, passed by the First Congress, was intended chiefly for revenue. 2. Tariff of 1792, 1797, 1800 and 1804 increased duties, chiefly for revenue purposes. 3. Tariff of 1812, all duties were doubled to meet war expenses. 4. Tariff of 1816 was the first in which protective features were emphasized. 5. Tariff of 1824 was designed purely for protection of the nascent industries of the country, the first time that the revenue idea was totally discarded. 6. Tariff of 1832 in which the protection idea reached its high-water mark, exciting much opposition in the South. 7. Tariff of 1833 gave concessions to the opponents of protection. 8. Tariff of 1842, passed by Whigs, advanced rates again in the line of protecting industries. 9. Tariff of 1854, passed by Democrats, reduced the duties again. 10. Tariff of 1857, slightly reduced duties; another Democratic measure. 11. Morrill Tariff Act of 1861 advanced duties largely both for revenue and protection, supplemented by special acts in 1862, 1863 and 1864. 12. Tariff of 1883, somewhat reduced duties, a Republican measure. 13. McKinley Tariff of 1890, stiffening up protective duties, a Republican measure. 14. Wilson Tariff of 1899 reduced many duties and placed wool on free list, a Democratic measure. 15. Dingley Tariff of 1897, a thoroughly protective measure, passed by the Republicans. 16. Tariff of 1909, known as the Payne-Aldrich Bill, making changes in the Dingley Tariff, a Republican measure.

GERMAN AND FRENCH METHODS IN TARIFF MAKING.

THERE is no permanent Commission or body of experts in Germany, which is used there in regard to tariff matters. The fundamental work in making a tariff is done by government officials of the various departments, viz.: The Imperial Department of the Interior, the Imperial Treasury Department, the Prussian Department of Finance, of Commerce and of Agriculture. The officials designated to do the work, hold meetings, hear witness and experts and discuss the questions as they come up. As the officials intrusted with such work remain in their positions for long terms, mostly for lifetime, they acquire valuable experience and become experts themselves. The official organizations of commerce and trade (*Handelskammern*) are called upon to furnish expert testimony, also private societies, f.i. the Society of German Ironmasters, the Society of German Manufacturing Chemists and others are requested to send their representatives to the Conferences. When the preliminary draft of the tariff is completed it is transmitted to a Committee in which the various departments, the Foreign Office and the Tariff Committee of the Federal Council are represented. From this Committee the Bill is referred to the Federal Council (*Bundesrat*), the functions of which are similar to those of the United States Senate, and from there to the Parliament of the Empire (*Reichstag*). Should the Parliament make a request to that effect, the Bill is placed before the Advisory Board for Economic Measures (*Wirtschaftlicher Ausschuss*).

The members of this official body are designated by the Empire; the agricultural, industrial, shipping and banking interests of the Empire being equally represented. The Advisory Board cannot approve or reject a measure, it has simply to give its opinion on the economic effect of the proposed measure. The rule has been established by Parliament that the government has to place every draft of a commercial treaty or agreement with foreign countries before the Advisory Board prior to transmitting it to Parliament. The Tariff Commission of the Parliament

discusses the rates and the customs regulations of the proposed tariff with the government officials and when an agreement has been reached a Tariff Bill is laid before the House for approval.

You will see that in Germany the tariff proper, the rates of duty and the customs regulations, is formed and framed by the expert officials of the various departments of the government, who may, at their discretion, call upon Official Chambers of Commerce, upon private societies or individuals to furnish expert testimony.

In France the system is quite different.

A body of experts has been appointed in order to pass upon contestations which may arise between firms and the custom authorities, as to the kind, the origin or the quality of the products, either in the enforcement of custom duties, of Colonial privileges or of premiums.

This body of experts is assisted, in each matter, by two experts appointed, the one by the Administration and the other by the party making the declaration, and selected out of a list which is given annually by both the Secretaries of Commerce and Finance, after consulting with the Chambers of Commerce.

If both of the experts agree, the Committee of Legal Experts, that is to say the Expert Commissioners, merely record their decision, which is definitive. In case of the dissenting of the experts appointed by the parties, this committee acts as umpire and renders a decision which is binding.

THE FIRST ATTEMPT.

IT is now thirty years and more since our Government considered seriously the question of a Tariff Commission. Unfortunately the basis of such a Commission was protection to American industries. It was not a broad gauge proposition and while it advocated a scientific method of making tariff laws it was surcharged with one object and it is safe to say that in the years that followed the real Tariff Commission idea was seriously handicapped. It may also be said that while the motives which suggested the method were derogatory to the real purpose much good was accomplished and a fair start made which left its impress and has proved an encouragement as well as a help in

bringing about a clearer understanding of the merits underlying a definite progress towards an effective system of adjustment of tariff rates.

In 1882 Congress considered a Tariff Commission and this Commission was utilized by Congress in the Tariff law of 1883 which might have been called a Tariff Commission law.

The report consisted of forty-five pages of carefully reasoned matter, embracing in its recommendations provisions for a Customs Court afterward adopted, provisions for the administrative laws of the Treasury Department, also adopted, and which are to-day part of our tariff laws.

Every schedule of the tariff was re-classified and arranged alphabetically. It was the first scientific classification ever made in this country and it is safe to say that all the improvements in classification as well as administrative features had their origin in this the first Tariff Commission.

While at this writing we may not agree with the purpose of that Commission, we must admit that there were then very good reasons for its defense. It is also true that the attitude of that Commission has given its opponents a reasonable cause to question its expediency. This opposition, in spite of the changed conditions which in the rapid advance of our country's industries have given us a new light, has operated against what Tariff Commission supporters of to-day stand for.

In other words the Tariff Commission of 1882 was built to encourage protection and the Honorable Robert P. Porter at that period stated clearly that "far from being a disadvantage to protection, a properly constituted Tariff Commission would by furnishing accurate data enable Congress to reduce duties on industries where reduction would not be injurious to home industries and retain them or even increase them in cases where the rates are insufficient to protect American industries."

He further went on to say: "I can understand why a Free Trader might object to a Tariff Commission because he is so given to start with a theory and argue, hence the existence of the facts by which he proposes to prove it."

Even in those days of an extreme protectionist theory Mr.

Porter states emphatically: "Why, therefore, should Congress be denied the assistance of experts whose entire business would be the investigation and preparation of facts and the classification and harmonious arrangement of the thousand different items of which our tariff law consists?"

Honorable Seymour C. Loomis at this very date argued on the "necessity of adopting a permanent procedure for Tariff Revision."

A VALUE DEFERRED.

FOLLOWING the first attempt in 1882-3 was a period which in this present day of enlightenment we may call the dark ages of Tariff procedure.

The Tariff Commission movement of that date dissolved itself, and yet there were fragmentary results which were helpful in that the fragments remained in the minds of the thinking men of the country who felt that the system was wrong. Masters and students of tariff laws recognized that in the Tariff Commission idea there was a basis for proper adjustment of rates, but politics and personal interest built a wall which it seemed impossible to break down or climb over.

No President and no Congress for fifteen or more years following 1883 appeared to have either the courage or the intelligence to meet this great question of tariff making fairly or squarely. The old system was retained, political ambition, personal and corporate interests governed the situation. The people of the United States were in the hands of the makers of laws, and their pendulum swung to and fro, according to the benefits that might accrue to them. It was the same fight for supremacy of their party or their selfish interests, which always left our citizens uncertain, which disturbed their business, upset their best calculations and made every business operation hazardous in the extreme.

One party claimed that Tariff was a tax on the people in some form and proposed to make this tax one that was easy for them to carry. Another party maintained that a heavy tax on goods imported shut out competition, built up our home industries

and enabled our laborers to secure a larger wage, our mills to prosper and secure our home development. Whichever party was in power there was only one line pursued. Every detail of tariff making had to go before a Ways and Means Committee, who in each and every instance secured their information by "Hearings," i.e.—a few hours or perhaps days were given to the accumulation of evidence covering many schedules, and perhaps 4,000 odd articles of trade and manufactures. No matter how well versed in trade or commerce this Committee might be, it is easy to see that it was a physical impossibility for them to grasp the details and intelligently determine a rate of duty which would be fair and equitable to every interest and to the people at large.

It must be remembered also that we as a people did not fully understand the system. We left the details to our Congressmen to represent us, or if we had the money and the influence, we went to Washington and placed before the Ways and Means Committee facts and figures which were in almost every instance representative of our own desires and needs, regardless of what others might want or the real merits. In other words, the men who had the means and the influence stated what they wanted and those who stayed at home were obliged to accept the decision reached at these hearings.

For twenty years the system worked.

Tariff bills were made and re-made and millions of money expended to encourage a political situation or benefit the few, while the masses remained in ignorance, because there was no organized effort to enlighten them.

There were a few who had the courage to speak, there were rumblings of discontent which gathered force and there came a time when men who traveled far and wide, who studied the situation first academically, then scientifically, spoke and wrote frankly, firmly and with conviction and knowledge, and began to tell the people that our basis of tariff making was wrong; that our great competitors across the seas were adopting scientific methods, which were pushing them into the arena of success; that they were playing on our absolute lack of

knowledge and the self-centered interest of the few, to gain a foothold in the markets of the world, while we were content with a short-term development of our own country, while failing to see the necessity of an enlargement of our foreign markets.

The public press in the interim had been agitating the question—dissatisfaction with old methods was expressed in leading trade journals, and the subject was discussed by the directors of the largest business organizations in the country, and all of this was focussed in a Convention held in Indianapolis in February, 1909.

The details of this Convention appear in later chapters. The genesis of this Convention is of little importance. It was the logical moment of a national demand for a change in tariff making. The country was ripe for just such an expression as the Convention promised to give.

There are several names conspicuous in bringing the business men of the country into this Convention. Two of these, James W. Van Cleave, Esq., then president of the National Association of Manufacturers, and Senator William A. Harris of Lawrence, Kans., have passed away. They were up to the last strong supporters of the movement as were the others, namely Henry R. Towne, president of the Merchants' Association of New York, John Kirby, Jr., Hon. Curtis Guild, Hon. Charles M. Fowler, Herman A. Metz, Senator A. J. Beveridge and H. E. Miles.

THE SECOND AWAKENING.

The Tariff Commission principle remained dormant for years: many thought and spoke of it, but it was not until 1907 that any organized effort was made to create such a Commission.

In December, 1907, the Merchants' Association of New York adopted the following resolution:

"Resolved, That the Board of Directors of The Merchants' Association of New York heartily endorses the proposal to create a permanent Tariff Commission, which shall take the tariff out of politics and politics out of the tariff; which shall include in its membership men qualified by training and experience to deal with

the problems which would come before the Commission; which would command the confidence and respect of the country; and which would be competent to obtain and compile statistical information needed by Congress, and to formulate proposed legislation relating to the tariff, in a manner which would simplify and facilitate action thereon by the legislative department of the Government."

On February 4, 1908, the National Association of Manufacturers with a membership of 3,000 firms advocated a permanent Tariff Commission by a similar resolution.

"Resolved, That for the promotion of the best interests of American industry, this conference advocates the immediate creation of a non-partisan permanent Tariff Commission, for the following purposes and ends, through Congressional action, viz.:

First, The intelligent, thorough, and unprejudiced study of facts.

Second, The development and enlargement of our foreign trade.

Third, The accomplishment of this by reciprocal trade agreements, based on maximum and minimum schedules.

Fourth, The adjustment of the tariff schedules so that they shall affect all interests favorably and equitably, without excessive or needless protection to any."

In December, 1908, the Merchants' Association of New York reaffirmed their Resolutions of 1907 and adopted additional resolutions including the following:

"The creation of a permanent Tariff Commission, for the purpose of collecting, collating, and studying industrial and commercial facts, in this and other countries, pertinent to the tariff question, for the information and use of Congress in framing tariff legislation, and for the purpose of keeping Congress informed concerning changes in industrial and commercial conditions which may justify or necessitate corresponding changes from time to time in the tariff."

"Provision in the law for the negotiation of commercial agreements with foreign nations on the basis of a maximum and minimum tariff, and of the concession of minimum rates to the products of those foreign countries which reciprocate by giving corresponding concessions in the rates of duty on American products when imported by such foreign countries."

THE INDIANAPOLIS CONVENTION.

Indianapolis may well be proud of the one fact that within its gates was held for the first time in our history a National Tariff Commission Convention. From every section of the country, not only representatives of forty-two states but 200 national and commercial organizations presented themselves in Tomlinson Hall with a steadfast purpose.

They came to impress the country with the truth that the Tariff is a business man's question.

It was a business meeting of business men; it was further a notable gathering which in our economic history succeeded in voicing a national demand for a change in the country's most important financial function.

Governor Thomas R. Marshall of Indiana welcomed the delegates, and the temporary chairman described the calling of the first National Tariff Commission Convention as follows:

"As an explanation as to who is responsible for the calling of this Convention; as to how it came to be here, and the various whys and wherefores for it, I have only to say that this Convention was the result of spontaneous growth—it sprung up suddenly from a dozen different sources—like the Phoenix of new hope, it rose miraculously from the ashes of the national faith in the honesty of the tariff."

"We are here not to criticise Congress, neither do we wish to be placed on record as being enemies of Congress. We are here because we are the friends of Congress. We realize that Congressmen are honest men; that they earnestly strive to do what is right; but we also know that in the making of tariff rates it is impossible for them to act as wisely as they might, and that simply because they have not the proper evidence to guide them."

It may be said in passing that, during the entire three days there was little, if any, indication on the part of the Convention to criticise individuals. It was felt, apparently, that the evils in the tariff which the people wish to see corrected, were the result of the methods employed; that, in fact, the legal procedure by which the tariff was enacted and conducted was fundamentally bad and inefficient.

There will be found elsewhere extracts from addresses made

by prominent delegates; they all show conclusively the trend of thought in this second awakening of the people.

A Committee on Resolutions was appointed representative of the most virile interests of the country and from twelve states:

Henry R. Towne, New York, Chairman.

H. E. Miles, Racine, Wis.

Hon. Wm. A. Harris, Lawrence, Kans.

Ludwig Nissen, New York.

Frank B. Klock, Chicago.

A. L. Goetzman, Chicago, Ill.

D. A. Tompkins, Charlotte, N.C.

W. E. Morgan, St. Louis, Mo.

John M. Stahl, Chicago.

John Kirby, Jr., Dayton, Ohio.

C. C. Hanch, Indianapolis.

Hon. Nathan Frank, St. Louis, Mo.

D. C. Ripley, Pittsburgh, Pa.

A. B. Farquhar, York, Pa.

D. M. Parry, Indianapolis.

J. M. Allison, Ennis, Texas.

C. M. Hamlin, Boston.

W. T. Lewis, Wisconsin.

F. H. Stillman, New York.

H. M. Leland, Detroit.

In the Resolutions adopted are embodied the spirit of the request made by the great majority of Americans for a reform in tariff making, and in submitting the Resolutions the Committee gave as its reasons the following:

1. The tariff yields our largest national revenue, yielding \$333,000,000 in the fiscal year 1906-7, and concerns all classes and all the people. While it favorably affects the rate of wages, it also influences the cost of living and therefore the purchasing power of wages. It directly affects the cost of production and therefore our ability to compete in foreign markets. The problem is vast and complex and vitally affects all industry and commerce.

2. The present method of tariff regulation is crude, unscientific and outgrown. It imposes on Congress technical work which it should not be required to perform. It results in unnecessary, unreasonable and unfair discrepancies and errors. It perpetuates such errors for long periods, involves intermittent revision and tends to violent changes of policy.

3. The commission plan will substitute a scientific method which will establish the neutral line of maximum benefits and minimum evils to all interests. It will accomplish this by a governmental agency, properly equipped to furnish Congress with the vast amount of cumulative technical data required to assist it, both in framing legislation based thereon and in forecasting the results of such proposed legislation. It will enable Congress to concentrate its time and efforts on constructive legislation based on such facts and assist our executive departments to negotiate intelligently commercial agreements for the increase and extension of our foreign trade. It will promote the prosperity of the country and the larger employment of American labor by encouraging the conversion of our raw materials into finished products before their export to foreign markets. It will provide for the prompt correction of errors in the tariff and a recognition of changing conditions.

A most important resolution offered by Mr. Ludwig Nissen of New York, and unanimously adopted February 17th, was that providing for a continuation of the campaign in behalf of a Tariff Commission. The resolutions are:

Resolved, That to provide for a permanent organization to carry into effect the conclusions of this convention, the Chair shall appoint a committee of one hundred of which not less than two shall be appointed from each State of the Union, with the temporary and permanent chairman of this convention as members ex-officio, from which committee the chairman of this convention shall designate an executive committee of nine members, and the chairman of the convention shall be an ex-officio member of each of these committees.

RESOLUTION

Adopted at the National Tariff Commission Convention in Indianapolis, February 16, 17, 18, 1909.

We demand from Congress, for the equal benefit of all classes of the people and in the name of all American industry, of farm, factory, labor and commerce, represented in the National Tariff Commission Convention, held at Indianapolis, Ind., on February 16, 17 and 18, 1909, consisting of delegates from forty-two states and representing two hundred and twenty-three (223) agricultural, civic, commercial and industrial bodies, the immediate creation of a permanent Tariff Commission for the following purposes and ends through congressional action, viz.:

1. The collecting of data and intelligent, thorough and unprejudiced study of tariff facts.
2. The preservation and promotion of our home market and the development and enlargement of our foreign trade.
3. The accomplishment of this by reciprocal trade agreements, based on maximum and minimum schedules.
4. The adjustment of the tariff schedules so that they shall affect all interests equitably.
5. The fixing of the rates of duty to be paid on the imports from any foreign country, within the limits of the maximum and minimum rates established by Congress, under reciprocal trade agreements negotiated by or under the direction of the President, in order thereby to develop and protect our foreign trade by the means favored by President McKinley and authorized by Secs. 3 and 4 of the Dingley Law.

We urge that prior to the passing of a bill creating such a commission Congress, during its special session about to be called, shall prepare and adopt, with the assistance of the best information presently available, a revised tariff as completely and accurately adjusted to present conditions and therefore as stable as it is possible at this time.

President-elect William H. Taft in a message to the Convention said:

My own ideas have been that there ought to be a permanent commission of Tariff experts to keep themselves advised by all the means possible of the cost of producing the articles named in the schedules, in foreign countries and in this country.

Senator Albert J. Beveridge of Indiana made an address which was one of the most striking features of the Convention, and the fact that Senator Beveridge followed up this address by his own arduous efforts in Congress in behalf of a Tariff Commission, adds to the interest in his remarks which were in part:

Within four months a new tariff will have been made. I hope and believe it will be the best tariff Congress ever has constructed, and it will be historic in this—that it will be the last American tariff ever builded without the aid of a Tariff Commission. Immediate revision must not be delayed until a Tariff Commission is created and has made the necessary investigation of the facts and arranged scientific classifications and schedules, for that would require at least two years, and ought to take six years; but our new tariff must be builded now by the old methods. But that it may be the last tariff so builded, we must soon create a Board of Tariff Experts that will take up the preparatory work which Congress cannot do. The present crisis never must be faced again.

Heretofore both parties have builded our tariffs without any sufficient knowledge of the facts, and without making scientific classifications. Both parties have handled this delicate subject which affects every industry, every man, woman and child in the nation, in a manner which would wreck any business man or corporation that handled his or its affairs in the same way. Both parties, whether they are framing a so-called "revenue" tariff, or a so-called "protective" tariff, have made this great business subject purely political. They have debated as to whether they should adopt a protective or revenue system, and to this we do not object, but they have deferred the work preparatory to the actual building of a tariff until immediate revision was ordered, and then the tariff has been rushed through, because of the pressure of business behind it, without any investigation of the facts, and without either the technical knowledge, or the skill, to make plain, simple classifications. And in this both parties have been equally guilty.

Germany, in a parity of the growth of her foreign trade with Great Britain, has left the United Kingdom so far behind that the

whole world knows that British manufacture is to-day facing a commercial crisis. And yet Germany has a protective tariff and Great Britain has a revenue tariff. This conquest of foreign trade by Germany-beating progressive America with her infinitely greater resources, of the trade which she had held for seventy years, and from which it appeared she never could be ousted—proves that Germany has a better method of tariff building than either the United States or Great Britain, since the tariff is the chief factor in foreign trade.

And what is this method? The German method of tariff building is simply business common sense applied to tariff making. Germany's method is simply this: First to find out all the facts concerning every article which her tariff touches, then to fix the tariff duties to these facts; next to arrange its schedules in plain and simple classifications, and finally, to make two tariffs, the minimum of which she gives to those nations which will guarantee to Germany trade concessions in their markets, and the higher of which she applies to the nations that will not grant these concessions. As I said on another occasion, one is the olive branch of trade, and the other is the sword of retaliation. This same method is applied by France, Italy, Austria-Hungary, Japan, and by every modern commercial nation excepting only the American Republic. What American is not shamed by the knowledge that Canada, with hardly more people than the State of New York, has a tariff as much superior to our tariff as the ocean liner of to-day is superior to the sailing vessel of yesterday?

Hon. Charles N. Fowler, Member of Congress from New Jersey and author of the "Fowler Tariff Commission Bill," was particularly forceful in his address; his basis was "Tariff changes by evolution instead of revolution." In the course of his remarks he said:

In bold contrast with the hurry, haste and slap-dash which must mark the present revision of the tariff, owing to the unrest and urgent demands of business, I want to call your attention to the following facts:

About one year ago the press of the country demanded the removal of the duty on wood pulp. So persistent was the demand that a committee was appointed, consisting of six members of the House, to investigate the subject of wood pulp. In pursuance of their duty, I am informed by one of the committee that they have actually spent at least four full months and taken about four thousand pages of testimony and yet they have not completed the

investigation as it ought to be made, since they are compelled to report during the present session of Congress.

Conundrum. If it has taken four months to partially investigate one single schedule, how long would it take to thoroughly investigate all the items in all the schedules?

The once accepted axiom, under the old conditions that "competition is the life of trade," has given place to an accepted fact under the new conditions that trade wars are destructive of universal prosperity, inimical to labor especially, but inimical also to the investments of our savings banks and life insurance companies, and to commercial capital, upon the profitable employment of which the prosperity and happiness of our twenty-five million workers depend.

This is not only true of national production trade and transportation, but it is just as certain to involve in its scope and influence the commercial relations of the entire globe. We should have our trade treaty with Germany, Germany with Japan, and Japan with us; and all three of these nations should in turn be doing business upon specific terms with all other countries.

These trade treaties, which are essential to the highest degree of mutual advantage, will bring strength, steadiness, and stability to the world's commerce and contribute immeasurably to the world's peace and general welfare.

Gentlemen, shall American business still remain the football of American politics?

Shall "the Payne bill" become the issue of the next Congressional campaign?

Fifteen of our ablest men, peculiarly fitted by nature and education, standing in the public eye and esteem by the side of our Supreme Court, and drawing an aggregate of \$150,000, or \$10,000 each, looking out for our trade of three billions a year, ought to give us an amazing profit upon the investment, and would affect a "conservation of resources" unmatched by any other force in our national life and remove the tariff from the field of politics.

The question is: Shall we have such a commission to advise Congress as to what the maximum and minimum duties should be and secure within those limitations established by Congress for our manufacturers and merchants such trade agreements as will insure the largest possible return upon any trade privileges granted by this country to any foreign nation?

Let me say to you frankly that if you desire this end you may only hope for it after you organize every commercial body in the United States into a campaign club, and through the sheer force of voting power compel your Members of Congress to commit them-

selves to the programme. Neither the House nor the Senate will yield an atom of its power or prerogative any more than the kings of England ever did, unless driven to do so by an overwhelming, consuming public sentiment, which you alone can create.

Will you enlist for this purpose; or, having come here and perfunctorily resolved, will you go home and about your private business as if you had adequately served your country?

You have only just begun your work; and if you think you have finished with it, it were far better that you had not wasted your time, for you will idly hope for results.

Unless every man of you pledges his services and very soul to the campaign, an American tariff commission will prove only a dream, a most unsubstantial dream, but the reality is yours to have if you will only pay the price of proper and adequate effort. Will you do it?

(FROM THE NEW YORK WORLD)

As to the need of a permanent tariff commission there exists practical unanimity at the Indianapolis Tariff Convention. To take the tariff out of politics may seem like an iridescent dream. But at least the first steps toward sane revision, which are impartial investigations and the collection of data for the guidance of Congress, are far more likely to give satisfaction if taken by a non-partisan commission of experts than if left to a committee of Congress governed by political motives and subjected constantly to the temptations of playing for votes and placating special interests. The cynical indifference with which the recent hearings of the House Committee on Ways and Means have been viewed proves how little popular confidence such methods of tariff revision command. The chief obstacle to the appointment of a tariff commission lies in the hostility of Congress to surrendering any of its duties or privileges. What is new about the Indianapolis movement is the strength of sentiment that it represents among the protected interests in favor of rational revision, for even the most obstinate stand-patters must be convinced by this time that some sort of tariff revision by the next Congress is inevitable.

(FROM THE NEW YORK HERALD)

Whatever may be thought of the expediency of the Indianapolis plan of having a tariff commission in perpetual session and liable to make alterations at any time, there can be no difference of opinion among intelligent persons as to the soundness of one argument made to the convention, namely, that any body of men undertaking changes in the tariff should be fully and accurately informed as to the situation abroad and at home, in order to be able to foresee the effects of their action.

(FROM THE CHICAGO RECORD-HERALD)

The discussions at the tariff commission convention in Indianapolis prove that commission sentiment is very strong in the country. It is natural that it should be, for our experience with the haphazard way of making tariff has been most unfortunate in many respects. Certainly we should have learned from the school of experience that no tariff should ever be framed without a thorough study by experts and the presentation of all the facts that were needed as a basis for wise legislation. What we do is to lay down hard and fast rules, without any reference whatever to the possible developments. There is no elasticity in the system as it is; there is no proper consultation of expert authority.

THE FARMERS' POINT OF VIEW.

HON. JOSEPH E. RANDELL, Member of Congress from Louisiana, discussed the Tariff Commission proposition in "The Southern Farmers' Interest" as follows:

In discussing our southern farmers' interest in a Tariff Commission, I assume that the aim of this convention is to secure a non-partisan business commission which will help to remove the tariff problem from party politic, and elevate it to a high plane of economic statesmanship where it properly belongs. It is most unfortunate that this great question, which concerns so vitally the welfare of our nation, should ever have been a partisan one, and policies and schedules should have been adopted in many cases for political effect rather than economic reasons.

Under the fiscal system of our government, from its earliest days customs or import duties have been one of the recognized means of raising revenue for paying national expenses. The imposition and collection of these duties were necessary to carry on the government. They constituted a very material part of our annual receipts, and without them the nation's wheels could not have turned unless we had devised and replaced them with some other system. Hence all political parties have advocated a tariff in some form. The division of opinion came in the preparation of the tariff schedules and the political fights have been long and bitter. It would be wise for our lawmakers to unite on some sensible, businesslike plan, just and fair to every section of the country, for providing money on which to run the government, and political differences should not be allowed to enter into the financial question. Surely the mere raising of revenue is a commercial problem—not a political one—but along with the financial feature



D. M. PARRY,
Ex-president National Association of Manufacturers

of tariff bills is the more serious one of protecting home industries, either directly or as incidents to the revenue and on this problem comes the rub. If a Tariff Commission can be devised which will remove even in part this great business matter from the stormy sea of partisan politics, it will confer a boon on the nation and all patriots should welcome it gladly.

Mr. Thad. Snow as a farmer and stock-feeder was particularly vehement on the Tariff Commission question. He said:

I am a farmer and a stock-feeder on a small scale. I want to speak at this time for the average farmer and I want to show the ordinary farmer's great need for more markets for his meats in order that he may feed stock and build up his farm. I want to show why I think the creation of a Tariff Commission would be a long step toward securing the service which comes with the right kind of a tariff.

The trouble is that the farmer has not been represented in tariff making, because we have not had sufficient information. But now, knowing that silence and inaction has been our fault, and believing as we do, that our cause is one which, if understood, would command action of Congress, we ask for a Tariff Commission as the best medium through which to present our cause. Why? Because the members of a Tariff Commission will be selected because of their business insight and in the discharge of their office will make a thorough study of the tariff needed for the agricultural industry. What we farmers ask is that men of ability and foresight shall make the necessary investigations of our tariff needs, and to directly or indirectly secure, by the adoption of reciprocal treaties with foreign nations, the right to export our breadstuffs and meat. Some may question why the farmer should expect more consideration at the hands of Congress than has been accorded him. What we expect is more intelligent consideration.

Farmers have not themselves been united in their efforts to exert an influence on Congress, but they are now awakening and are urging the appointments of this Tariff Commission. It might be in order to dismiss our case, because of failure to prosecute; but so involved are the interests of capital and labor that our case cannot be dismissed. If the present tariff revision is completed without providing for a revision in our tariff schedule on meats, by means of which we have more markets for our meats, it is difficult for me to say how the farmer's case can be presented, unless it be through a Tariff Commission.

John M. Stahl, Esq., the legislative representative in Washington of the Farmers' National Congress, made an address under the title of "The Unheard Majority." He said in part:

In advocating a Tariff Commission, I wish, first of all, most emphatically to disclaim any criticism of members of Congress that would impute to them unworthy motives or accuse them of ignorance. Our tariffs have been faulty, not because members of Congress, with a few exceptions, have not been able and conscientious men, but because there is a limit of human capacity, because it is not possible for a member of Congress, good and able and well informed and patriotic though he may be, to dig out, arrange, systematize and digest the very many facts and circumstances that must be considered, and be considered logically, in the preparation of a wise and just tariff.

If it were not for our traditional notions about tariff revision, we would think that the methods that have prevailed were utterly illogical and amateurish.

Let us consider for a moment how our tariffs have been framed. When disgust with a tariff has become so strong that public sentiment can no longer safely be ignored by politicians and Congressmen, it is announced that the tariff is to be revised and the Ways and Means Committee of the House announces that it will have so-called "hearings." Therefore, there appear before the Ways and Means Committee representatives of certain industries and certain organizations. In nineteen cases out of twenty these representatives present the cause of producers; the cause of the consumer is very rarely, if ever, presented and perhaps it is even more rarely considered. In many cases the industries heard are comparatively unimportant, but highly specialized industries, and in the framing of the tariff more consideration is given to pottery than to farming. Very rarely, if ever, is any organization of farmers or of workmen or of consumers represented at these hearings before the Ways and Means Committee. It is in behalf of this unheard majority and large majority of the American people that I would plead for a Tariff Commission. Such commission would have time to hear all classes and all industries.

*FOREIGN TRADE DEVELOPMENT BY THE
COMMISSION PLAN.*

THERE is no one better qualified to speak on foreign trade questions, especially as affecting Latin-America, than Hon. John Barrett, director-general of the Pan-American Union. His views on the assistance which a Tariff Commission would give in the extension of our trade are clearly expressed.

The greatest opportunity for the permanent development of our foreign trade in any part of the world is in the twenty sister republics of the United States which lie to the south of us. In the Orient you are face to face with a vast population, which seeks to supply its own demands, and this is a serious handicap to the development of our trade. But in the south there is a virgin field, one of great value, and one which we have not appreciated. The reason is not that we are ignorant, nor that we are lacking in ambition, but that we have been so occupied with our own development, with the extension of our great home markets, and with the development of our trade in Europe and the Orient. Now, having perhaps come to a point where we must take care of our great manufacturing surplus, we must study carefully this field which should be ours unless we are up and doing, taking advantage of every means and method which will enable us to control their trade, and there is no clearer way than the study of our tariff conditions. The formation of a Tariff Commission is no reflection on Congress; it is a help to it.

I am sure we are all of the same mind, that the vital matters in connection with the development of this part of the world (Spanish America) can only be taken care of by a Tariff Commission. Take, for instance, the tax on coffee. Before a duty is placed upon it, a Tariff Commission should study the conditions, how it affects the buying and selling capacity of these countries. The capacity of many of these countries to buy depends upon the amount of coffee they can sell in this part of the world. On the other hand, we should negotiate reciprocal treaties with these countries, to increase our export trade. Down in Argentina they are purchasing from us about three or four times as much as we can buy from them. They are considering the advisability of putting a high tariff on what comes in from the United States, because of the lack of consideration we show them. But they say if the United States will come half way, they will make a reduction instead of an increase. There are many other countries in South America

that are beginning to talk about the want of consideration on our part.

How in the world is Congress going to be made aware of these facts? We know that they have not time to go into details. A Tariff Commission should be appointed to go down to South America and study the facts, and, if they do, they will come back prepared to give South America the recognition which will increase our trade. Europe to-day is making concessions to South America to a greater degree than we are and is getting concessions from South America in a way to seriously menace us.

Now, I want to call your attention to a few general facts about Latin America, to show why a Tariff Commission should be in close touch with it. Did you ever stop to think that these countries to-day look upon themselves as just as much an integral part of this great world as we do? To-day we find Brazil, Argentina, Chile, Peru and Bolivia, just awakening to the fact that they are becoming mighty factors in the commerce, the trade and the politics of the world.

The word I want to leave with you is this: there are twenty countries down there looking to us for leadership; who are watching us, and at the same time are watching Europe, and who will follow Europe if we do not help them; countries which want to sell to you and buy from you. In fifty years they cannot compete with us in manufacturing as Europe is doing to-day, and they will buy from Europe and the Orient if we do not waken to their value.

The views of Hon. Herman A. Metz are also applicable to this side of the question.

At the hearings before the Ways and Means Committee elaborate schedules were presented by one of the five manufacturers of aniline colors in this country, requesting an increase of duty from 30 per cent to 40 per cent and suggesting an extended free list for so-called raw materials, all of which are really carefully manufactured intermediate products used in color making. Judging from the records of the hearings, the members of the committee were very favorably impressed with the request, and if it should be granted, let us see the result.

The purpose is naturally to check imports and give the manufacturers who now produce a limited line of products, a chance to increase that line. This should appeal to me because I am one of the five now running in this country, and I could increase my plant as fast as any of the others, and could, and would, increase my imports and profits on the raw material as well, but it would mean



REPRESENTATIVE HERMAN A. METZ

in the first place, a very material cutting off of revenue from the Government; in the second and more important place, a further tribute placed upon every textile manufacturer, cotton, wool and silk, as well as other industries, using colors, such as leather, paper, paints, printing inks, wall paper and many, many others, and upon every consumer of any one of the products of those industries, and that means every man, woman and child in the country; and all for what? Simply to enable a few men who had an idea that certain things could be done, and invested a few hundred thousand dollars in that branch of chemical industry, and after trying for nearly thirty years to prove their theory, want to get their money back, and who, claiming protection to American labor, don't employ in the five plants, including my own, as many men as some of the larger importing houses do in merely distributing the products they import.

I hold that as an importer paying a large rate of duty I am as good an American citizen as I am a manufacturer; and that the clerks and salesmen I employ in my various branch houses in over a dozen states in the Union, from Massachusetts to California, from Illinois to Georgia, are as good citizens and as much entitled to the attention of Congress as those whom I employ in my chemical works in New Jersey or my carpet mills in Massachusetts. However, under existing conditions these views are scarcely even considered by Congress, and certainly do not carry much weight.

I speak of this only to show how one brand of industry is now dependent upon another and how hard it is to draw the line referred to by Mr. Towne, in his able paper on "The Neutral Line," where benefit to one becomes oppression to another. A permanent Tariff Commission could and would be able to take up all these sides of the question and determine to what extent the benefiting of the color manufacturers on this side would injure the manufacturers of textile and other products by advancing his cost of manufacture and his power to compete in the markets of the world. This is only one single direction in which the Commission would be of advantage, but it indicates to what extent it would be beneficial.

Mr. D. A. Tompkins of Charlotte, N.C., well-known for his advanced view and clear deduction, stated:

Therefore, any method of tariff laying that will raise a revenue for the Government and will have an influence on the farming interests that will give the cotton states an income of twelve hundred million instead of three hundred million, is a good thing.

There are many who seem to apprehend that we will run against the Constitution. These resolutions which we have passed ask Congress to do what really was arranged for under the McKinley Bill—what was put into operation by Mr. Blaine in our trade with South America, and under which we did business between a maximum and minimum tariff. The Wilson Bill undertook to do it by levying duties, but they have not succeeded. The Dingley Bill reenacted a clause providing for commercial treaties, but it went out of existence, so that the plan which we propose now is really what has been asked during the McKinley administration, with a Republican Congress, the Roosevelt administration, with a Republican Congress, and by Mr. Blaine himself. Now, if it was constitutional for Mr. McKinley, and for Mr. Dingley, and for Mr. Roosevelt, surely the Constitution does not change. It is still the Constitution by which we are to make our agreements, and the reason we have not made any progress under these laws is because there has been no one to find out upon what basis we ought to make such agreements. Secretary Root attempted a revival of Mr. Blaine's plan, and two or three treaties would have been put into effect, but were not ratified by the Senate.

The knitted goods people were among those who objected. Why? Because they did not know what effect it would have and there was no place they could find out what effect such a statute would have. I do not blame them for it. But the only thing that has been necessary to put this maximum and minimum trade relations into effect, that would stimulate trade between this country and other countries, is some procedure by which we could investigate as to whether the proposed agreement would injure the industries of this country or not. With that machinery, everything seems to be ripe for the development of a great foreign trade; with that machinery many of these opportunities in South America that Mr. Barrett told you about, may come to fruition.

This Commission is the yeast, and if we put it in the loaf it will make good bread for us, and we can only develop our trade with South America better than any other nation of the world, and I believe she would find it more agreeable to do business with us than any other nation.

Therefore, I think this convention has cause to congratulate itself for having formulated a procedure to provide what has been lacking to put a large volume of trade between this country and other countries, into motion.

THE NEUTRAL LINE



HENRY R. TOWNE,
President of Merchants' Association of New York

THE NEUTRAL LINE

AT the Indianapolis Convention in February, 1909, Mr. Henry R. Towne presented a plan for scientific regulation of the tariff under the above caption.

His arguments were so forcible and his deductions so sound that this book would not be complete without giving the reader the full text.

THE ARGUMENT.

THIS paper is intended to set forth an argument, and the salient facts on which it is based, in favor of a permanent technical official organization, as a necessary instrumentality for a continuing adjustment of the tariff, by methods which will assure equal consideration to all interests, those of the producer, the distributor, and the consumer; in other words, a means whereby Congress shall be aided in finding the "Neutral Line" which will imply a maximum of advantages with a minimum of disadvantages to all interests concerned. The argument will be confined to a *single issue*, and will include no discussion of the opposing theories of protection and free trade, either of which, in practical application, would be benefited by the existence and work of the proposed new organization.

DEFINITIONS

(From the Century Dictionary)

TAX; a disagreeable or burdensome duty or charge; an enforced proportional contribution.

DUTY; a tax or impost.

TARIFF; a list of goods with the duties to be paid on them.

PROTECTION; a system of developing the industries of a country by means of imposts on products imported into that country.

SUBSIDY; an aid in money.

TECHNICAL; those things which pertain to the practical part of an art or science.

SCIENTIFIC; concerned with the acquisition of accurate and systematic knowledge of principles by observation and deduction.

NEUTRAL; in the condition of one who refrains from taking sides in a contest. •

THE TARIFF.

TAXES are either direct or indirect. A tariff is an indirect tax. Its primary purpose is revenue; it may include the secondary purpose of protection. A tariff rate intended to prevent importation ceases to be a tax and becomes a subsidy.

In considering any proposed tax, these questions should be considered:

- 1: On whom will it fall?
- 2: What revenue will it yield?
- 3: Whom, if any, will it benefit?

If reliable data are available, and if the tax is for revenue only, these questions may perhaps be easily answered; but if it is wholly or partly for protection, to foster and benefit certain classes of citizens at the possible or intended expense of other classes, the problem becomes vastly complex, and its just solution requires information of many kinds, both industrial and commercial, concerning both domestic and foreign conditions, and a judicial atmosphere free from bias, selfish influence, or corruption. In both cases the effort should be to find that "Neutral Line" between opposing considerations which will ensure the maximum benefits and the minimum evils, the greatest justice and the least injustice, to all interests. The first endeavor should be to ascertain and consider the classes which must pay the tax; not those which it will benefit. Throughout should be kept in mind the fact that three great interests are involved, viz., the government, which must have revenue; the people, for whom the government exists, and who must pay the taxes which support it; and the beneficiaries (if any) of the tax, whose interests are opposed to those of the other two, even though the public welfare may be promoted by encouraging the industry which they represent. The end to be sought is the "Neutral Line" which implies equal justice to each interest involved.

It is the settled policy of the United States to obtain a large part of its income from duties on imports, and in doing this to foster and promote domestic industries. Of its total revenue of

about \$670,000,000, approximately one-half is derived from customs. Does not that function of the government which controls the collection and determines the incidence of this great tax upon the various classes of people and their diverse industries, justify and demand the creation of an adequate method for adjusting its vast number of details so that the tax shall be distributed fairly among those by whom it is to be paid, and shall yield the best results to the government and to those, if any, whom it is intended to benefit?

PRESENT EVILS.

THE tariff affects, directly or indirectly, all interests and all classes; therefore, all interests should be heard and considered in the adjustment of the tariff schedules. Does the present method accomplish this? Is not the contrary fact conceded? Under the present plan the work is done by the Committee on Ways and Means of the House of Representatives, and by the Committee on Finance of the Senate, each sitting separately, each independently reaching tentative conclusions, and both reaching a final concurrence, which perforce implies mutual concessions and compromise. These committees have little or no disinterested expert assistance to guide them in their work. The evidence submitted to them is wholly *ex parte*. Practically only one side of the case is ever effectively presented, viz., that of the parties interested in having a high rate of duty. Those who must pay the resulting tax, that is, the consumers, are rarely heard or represented. The present plan provides no means whereby the interests of the vast body of consumers are intelligently studied, or whereby they are enabled, still less encouraged, to make any collective effort for the protection of their interests.

The conditions under which this highly technical and vastly complex subject is now dealt with would be ludicrous, if they were not so utterly inadequate and unfair. The members of the Congressional Committees are exceedingly busy men, each serving on other committees also, and devoting only a portion of his time to this work. Necessarily their public hearings must be limited to intermittent days, and be kept within limited hours, yet

even ignoring these limitations, as pointed out by Senator Beveridge in the speech delivered by him in the Senate, February 5, 1908, the time during which tariff bills have been considered, matured, and adopted during recent years has been strikingly inadequate, the facts being as follows:

1890, McKinley Bill, House 5 mos., Senate 2 mos.

1893, Wilson Bill, House 4 mos., Senate 3 mos.

1897, Dingley Bill, House 4 mos., Senate 1½ mos.

In the same speech the Senator says:

"At the public hearings the committee rooms overflow with representatives of various interests. The private hearings are equally congested. Both are rushed and confused. At these hearings there is no time, no opportunity, to go into any one subject thoroughly; no time, no opportunity, to test the statements there made; no time, no opportunity, to verify a single supposed fact. The most honest and alert man could not possibly prevent, or even know about, incorrect statements; and the best of men might be excused from making a tariff rate which they did not intend to make, and which, had they known all the facts, they never would have made."

He then quotes a signed article by Senator Vest in which the latter says:

"I look back now upon what occurred during the Wilson-Gorman bill as a nightmare, from the effects of which I have never recovered. Before the conference ended three of the conferees had broken down under the constant strain to which we were subjected."

When Congress proposed to consider a revision of the present tariff schedules in November, 1908, a card was issued by the Committee on Ways and Means inviting persons who desired to be heard to apply "to be assigned to a place on the program," and naming fourteen dates for the hearings, beginning November 10th and ending December 4th. Each hearing was to cover a "specific schedule," and was expected to last two days. The first two hearings covered the schedules relating to chemicals,

liquors, tobacco, and sugar. One hearing, that of November 25th, was allotted for considering the question of duties on "metals and manufactures of"; that is, practically everything composed wholly or chiefly of metal; from pig iron to pins, from steel rails to sewing machines, from jewelry to stoves, watches, and steam engines. Is it surprising that the thousands of manufacturers concerned were conspicuous by their absence from so farcical a proceeding?

Senator Beveridge, in his intelligent review of the facts, refers further to the great discrepancy in the conclusions reached by the Senate and House Committees, in their attempt to deal with technical questions involving applied science in almost every department, and commerce in every branch. He says the differences between the duties fixed by the House and by the Senate, when framing the Dingley Bill, were "so wide apart that they are startling." The following are typical of the many examples he cites, viz.:

Borax, per lb.,	House 2c., Senate 5c.
Phosphorus, per lb.	House 20c., Senate 10c.
Certain Knives, per doz.,	House 75c., Senate free.
Certain Files, per doz.,	House 30c., Senate 50c.
Finished Lumber, per M. ft.,	House 50c., Senate 35c.
Sugar Cane, per cent. ad valorem,	House 20c., Senate 10c.
Certain Cotton Cloth, per sq. yd.,	House 8c., Senate 6½c.
Floor Matting, per sq. yd.,	House 8c., Senate 4c.

The Conference Committee, which finally adjusted these differences of from 50% to 150%, was in session *only five days*. If these great discrepancies were due to the submission of divergent facts to the two Committees, obviously the present system is at fault. If the two Committees reached such divergent conclusions from identical facts, is it surprising in view of the inherently technical character of the problems involved, and of the utter lack of qualifications, by previous experience on the part of the members of the Committees, to deal with such problems?

In the latter connection it is significant that, of the House Committee which framed the Dingley Bill, one member was an

editor, one a wood manufacturer, and all the others lawyers. Is it surprising that a Committee so constituted, when called on to deal with a problem so technical, so complex, and so outside of the previous knowledge of its members, in such limited time and under such unfavorable conditions, should fail to reach sound conclusions? On the contrary, is it not self-evident that, by a method so inherently faulty, only a faulty result can be hoped for; that the method has become outgrown, and that it should give place to one better suited to present conditions? No one who has not studied the subject can realize the vastness and complexity of the problems involved in this work, the solution of which so vitally concerns and affects industry and commerce of every kind, and in every section of the country.

EXAMPLES.

AS an example of the evils of the present method may be cited the case of the duty on pig lead.

On the one hand we have the argument of a committee of manufacturers of lead products, set forth in a 24-page brief, issued in December, 1908, which shows that during the past eleven years the duty on lead has averaged 67% ad valorem, the duty on pig iron averaging less than 25%, and ingot copper being on the free list; which claims that the present duty is "prohibitive" and "unjust"; and which urges that it should be materially reduced. On the other hand we have Senator Borah, of Idaho, stating that in his belief a reduction would result "in the practical suspension of production of a very great number of mines, and tens of thousands of people out of employment," many other parties in interest supporting this view.

Under present practice a decision between these clashing arguments and pleas must be made by Congress, guided by such argument as may be submitted to its Committees, most, if not all, of these arguments being *ex parte* and representative of conflicting interests, with little knowledge on the part of those who must decide the question as to the many and intricate technical facts which underlie it, and with no means available for quiet and thorough study of these facts by competent and neutral investi-

gators. Is it reasonable to hope that, under such circumstances, the "Neutral Line" will be found which would imply the maximum of benefits and minimum of injury to all concerned as producers and consumers of pig lead?

In the textile trades alone the variety of products involved is counted by the thousands, and includes such scope and contrast as the following examples, viz., cotton cloth and cassimeres, kerseys and knit goods, sail cloth and satin, stockings and sheets, silk and serges, ribbons and rags. Again, in the metal trades are included such range and contrast as the following suggest, viz., pig iron and printing presses, locomotives and locks, bridges and bells, chronometers and cables, steel billets and silverware. The latter group of products involves the employment of such diverse trades as the following, viz., molders and machinists, blacksmiths and boiler makers, watch makers and tool makers, finishers, firemen, files and fitters, etc., etc.

The foregoing references are merely typical, a mere beginning of a full enumeration of products and processes as to two of the many important groups involved, each and all of which, in nearly each and all of their myriad products and processes, are affected directly or indirectly by tariff legislation. In order to follow intelligently simple statements of fact, by qualified experts in each of these varied fields of applied science and industrial activity, implies the need of knowledge in metallurgy, chemistry, electricity, agriculture, animal industries, textile industries, manufacturing and milling, and, finally, of commerce in its many phases. Is it surprising that the present method has failed to cope successfully with the problems thus presented? Is it not evident that we need some better process by which to find the "Neutral Line" which shall imply the equal consideration of all interests concerned, above all those of the consumer, the common people?

A PRECEDENT.

IN contrast to the manner in which Congress thus attempts to deal with technical problems may be cited that Bureau of the Government known as the Patent Office, created to deal with technical problems in their relation to another phase of govern-

mental control, namely, the granting of protection, for limited periods, on new contributions to the industrial arts. Originally each patent was a direct grant from Congress. The rapid development of industry and invention caused Congress, at an early day, to transfer this work to an administrative department, organized for the purpose and competent to deal with the technical questions involved. The work of the Patent Office is now distributed among 42 Divisions, in charge of a like number of principal Examiners, aided by 284 Assistant Examiners. Is there any sound reason why, in like manner, Congress should not now create a Tariff Office or Bureau, charged with the duty of collecting information, at home and abroad, pertinent or essential to a full comprehension of tariff problems, in form available for the use of Congress, and for the purpose of aiding the latter in the wise exercise of its power of legislating in regard to revenue and taxation, a power which under the Constitution it alone can exercise? Does not Congress need, and should it not welcome, assistance of this kind in performing this most important of its many and increasing duties?

The whole tendency of modern science, whether in the work of research or in the application of science to the uses of man, is to specialize, to recognize the vastness of the field and the impossibility for the individual to understand thoroughly more than some fractional part thereof to which he devotes himself, and to concentrate the work of the individual within the lines which are thus implied. Has not the growth of our tariff system already reached a point where this necessity for specialization is apparent, and where it can best be met by the creation of a permanent Tariff Office or Agency? This question has been answered in the affirmative by other industrial nations, above all by Germany. The proposed solution involves no doubtful experiment or innovation. The experience of other nations is available to guide us, and points to what we may accomplish by reorganizing our methods on similar lines and in conformity with modern conditions and usage.

PENDING BILLS.

THE President-Elect, Mr. Taft, in a letter to Chairman Payne of the Ways and Means Committee, has expressed himself on the subject of a Tariff Commission as follows:

"A tariff commission would be harmful or useful as its functions were described in the bill. My own ideas have been that there ought to be a permanent commission of tariff experts to keep themselves advised by all the means possible of the cost of producing the article named in the schedule in foreign countries and in this country.

"I think that what we lack is evidence, and some such means might very well be used for the purpose of securing it.

"I should be the last to advocate a commission with any power to fix rates, if that were constitutional, as it would not be, or with any function other than that of furnishing the evidence to Congress upon which from time to time it might act."

Two bills for the creation of a "Tariff Commission" are now pending in Congress. The Senate, or "Beveridge," Bill provides for a Commission charged with the collecting of statistical data here and abroad, and with the furnishing of information based thereon for the use of Congress in framing tariff legislation. The House, or "Fowler," Bill covers similar provisions, but goes farther by giving power to the Commission to fix duties, either generally or for individual countries, between such maximum and minimum limits as Congress may authorize. In both cases the intent appears to be to create a Commission which shall be an adjunct to Congress, designed, among other purposes, to do for that body collectively what is now done in other directions for Senators and Representatives individually by their respective clerks, stenographers, and other assistants. It would seem expedient to give careful consideration to the alternate plan of vesting the functions proposed to be assigned to such Commission in a permanent Bureau of one of the administrative departments, presumably the Department of Commerce and Labor, where its work could readily be organized and effectively be directed, reserving to Congress or its Committees the power of indicating from time to time the work which it desires to have done. The latter plan would harmonize perfectly with the object set forth in the

call for this Convention, namely, "The creation of a permanent, non-partisan, semi-judicial, Tariff Commission, which shall collect, collate, and study industrial and commercial facts, in this and other countries, pertinent to the tariff question, for the information and use of Congress and the Executive." This is admirably paraphrased in the statement by President J. W. Van Cleave, of the National Association of Manufacturers, in these words: "We want a Commission to ascertain *facts*, on which Congress can base rates."

WORK OF COMMISSION.

THE functions assigned to a Commission or Agency created for these purposes might properly include the following, viz.:

1. The collection and analysis of statistical facts, in this and foreign countries, relating to articles embraced in the tariff schedules.
2. The collection of similar data concerning the tariffs of other countries, especially those with whom we have important commercial relations.
3. The collection of information concerning rates of wages, prices of materials, cost of living, etc., in this and foreign countries, especially as affecting the cost of articles covered by the tariff.
4. Estimates, based on the information thus obtained, of the probable revenue yield of any proposed new duty.
5. Such other work of similar kinds as may be called for by Congress through its committees.
6. The compiling and tabulating of all information so obtained, in the forms best adapted to serve the convenience of Congress and to assist it in framing tariff legislation.
7. The drafting of tentative tariff schedules, under the direction of Congress, to facilitate the work of the latter in framing tariff bills.
8. Furnishing to the State Department information useful

to the latter in considering, negotiating, or framing reciprocity and other commercial treaties.

9. Furnishing information to other executive departments of the government which may be germane to their work or useful in connection therewith.

Briefly, the motto of the Commission might be "To Furnish Facts, not Opinions."

An intelligent consideration of the work to be done by the proposed Commission should precede the question of its organization. With the general scope of its work clearly defined, the best mode of constructing the Commission will probably suggest itself. Its authority may be vested in a body of say five or more persons, or in a single head. In either case provision would be needed for a permanent staff of competent experts, experienced in all of the main divisions, at least, of industry, commerce, and applied science. If it is recognized that such a Commission has now become an indispensable need, and should be made a permanent part of our national administration, it would follow logically that due care should be exercised in framing the bill creating the Commission, and, while definitely fixing its character, scope, and powers, to provide reasonable flexibility as to details leaving these to be worked out in the light of practical experience.

The study of this question may demonstrate that the best form of organization is that of a Bureau, such as the present Bureau of Statistics in the Department of Commerce and Labor, in which event an appropriate title would be "Bureau of Tariff Research," or "Tariff Statistical Office."

CONTINUOUS REVISION.

TARIFF revision should be continuous, not intermittent. The conditions which affect industry and commerce are ever in a state of flux; they are rarely fixed, and never for long periods. Among the many arguments against the intermittent system, and in favor of the continuous system of revision are the following, viz:

Under the intermittent system a general, and usually a serious, disturbance exists and continues for many months preceding each recurring revision of the tariff. To-day business halts, awaiting the outcome of the present discussion, in Congress and the country, concerning tariff revision. When revision is undertaken it involves the entire tariff structure, and opens the flood gates to opposing theories, clashing interests, and the pursuit of selfish ends by everyone concerned. The manner in which the work is done under such conditions has been alluded to above, and is antagonistic to the best results. The struggle endures for several months, when the curtain is rung down, the lists are closed and the new tariff is put into effect, to endure for weal or woe for many years. During the past nineteen years we have had three such upheavals, as follows:

1890. McKinley Tariff.	In effect about 4 years.
1894. Wilson Tariff.	In effect about 3 years.
1897. Dingley Tariff.	In effect 12 years.

When the end of the period arrives, and often for many months preceding it, business is again disturbed by doubt and the fear of impending changes, and great injury thus done to commerce and industry. Industry halts when revision impends.

Under the continuous system most of these adverse conditions would disappear or be reversed. In one sense the tariff would never be revised, in another it would be revised daily. Changes would be studied and suggested by the Commission, but could be made only by Congress. These might be massed in a single bill at each session, covering the changes which had developed as expedient during the preceding year, or, more probably, would be disturbed throughout each session of Congress among numerous minor bills, each relating to one or a few such changes. The facts underlying and necessitating or justifying such changes would be ascertained, studied and reported to Congress by the proposed permanent Commission or Bureau.

A new tariff bill, no matter how carefully framed, contains unavoidably various errors and inequalities, the correction of which should follow their discovery as soon as they have been

properly studied and are clearly understood. Further changes should follow from time to time, as the conditions, either here or abroad, affecting this or that item in the schedules, change to an extent which either justifies or necessitates corresponding changes in the tariff. The final result of such successive changes in detail would be, for the tariff *as a whole*, substantial fixity and permanence, with freedom from all need or apprehension of sweeping revisions at uncertain intervals, but, *as to individual items*, facility for correction and change whenever and to whatever extent changing commercial and industrial conditions might, in the judgment of Congress, guided by the information furnished by the Tariff Commission or Bureau, seem to be expedient or necessary. The whole tendency under such a plan would be steadily toward a closer, more scientific, and fairer adjustment of the schedules to the "Neutral Line," and, coincidentally, a steadily diminishing need or occasion for tariff changes except to meet new conditions.

Is it not clear that the United States has outgrown its old method of studying and framing tariff legislation, and that a new and better method is needed? If this be granted, is it not equally clear that the logical and scientific method is to create a permanent technical Tariff Commission or Bureau to undertake the work above set forth, and, under the direction of Congress, to assist the latter in ascertaining the "Neutral Line," to detect departures from it, and to frame legislation which will best conserve all interests and tend to remove all inequalities and injustice? With such a Commission or Bureau, so organized, so directed, and so controlled, we would thus have a tribunal for

- (a) The Consumer, the people, to appeal to.
- (b) The Producer, who seeks relief.
- (c) The Congress, to obtain facts, advice, and assistance.
- (d) The Administration to obtain facts and information pertinent to commercial treaties.

The Commission would thus become, as it were, a court of first instance, while Congress would remain a court of review

and final jurisdiction. The latter would largely be relieved from detail, confusion, and the clash of selfish interests, and instead would have placed before it, for orderly review, consideration and constructive legislation, reliable facts, intelligently and impartially presented and clear, well defined issues.

Can we better solve our present problems, in this most vitally important part of our national government and finances, than by fairly trying the Commission or Bureau plan? If we find it good, we can then retain it; if we find it defective, we can seek to amend it; if finally we find it bad, we can abandon it. Whatever the outcome, is it not certain that the experience will prove helpful and enlightening, and that the experiment, if not permanently satisfactory, will at least point the way to a better solution?

TARIFF FRAMING.

THE tariff, being primarily a revenue measure, presumably consideration should first be given to determining the amount of revenue which it will produce. In some cases this question may admit of easy solution, but in many others the problem is complex and its solution difficult. A duty may be so high as to curtail or even prohibit imports. In the latter case it ceases to be a source of revenue, and becomes a subsidy to the protected interest. Before a subsidy is enacted into law, a clear understanding should be had as to its nature, as to the interests which would be benefited, and as to the interests which would suffer. The effort should be to find the "Neutral Line," and for this a complete and impartial knowledge of the technical facts involved is essential.

In framing a protective tariff which includes both taxes and subsidies, the effort should be to find, *as to each item*, the "Neutral Line" intermediate between conflicting and opposing interests,

Between the interests of the producer and those of the consumer,

Between the one who pays the tax and the one who benefits by it,

Between the weight and importance of admitted benefit and profit, on the one hand, and of unavoidable injury and cost on the other.

For all of the purposes thus implied the proposed permanent Commission or Bureau would become a most helpful instrumentality and adjunct to Congress.

THE INTEREST OF LABOR.

IN all discussions of the tariff the plea is made that a chief purpose in view is "protection to American labor." Are we not liable to be misled by this plea? Does labor actually share, and, if so, to what extent, in the proceeds of the tax resulting from a protective duty? Is it not a fact, known to all employers of labor, that, in fixing any individual rate of wages, no thought whatever is given to the tariff; that in every case the employer takes account solely of the value or efficiency of the workman, and of the current rate of wages in the trade to which he belongs; that the workman is guided solely by his knowledge as to this current rate, and by his needs; and that each makes the best bargain he can? Is it not true, further, that the rate of wages, in every trade, depends in large part upon the cost of living, and that a high tariff, by enhancing the prices of the products which it affects, tends to increase this cost? Finally, is it not true that the real measure of a wage-rate is its *purchasing* power, and that needlessly high tariff rates tend to diminish the purchasing power of wages?

Granting the arguments thus implied, it follows that in fixing rates of duty at least equal effort and care should be devoted to investigating the incidence of the tax, and the burden it will impose on those on whom it will fall, as is devoted to considering the benefits which it may yield to those whom it is intended to protect. Here, again, we should seek to find the "Neutral Line." Has not the present system failed to do this, and would not the proposed Commission or Bureau of Tariff Research afford a partial, if not a complete, remedy by tracing and forecasting the effect of proposed duties on American labor?

OUR EXPORT TRADE.

THE United States is the great exemplar of free trade. Nowhere else, at any time in the world's history, have trade and commerce been so absolutely free and untrammelled as they are to-day in this great country, and among its eighty millions of people. But students of economics predict that before long we will need, if we do not to-day, a larger market in which to dispose of the rapidly increasing output of our soil, mines, farms, and factories; that, great as is the consuming power of our own people, it will soon be exceeded by the producing capacity of our manifold industries; and that, unless we soon take adequate measures to provide for the broadening of our foreign markets, there will develop an increasing pressure to sell in the home market, which, if not relieved, will tend to glut the latter, and which, by the increasing intensity of domestic competition, will operate inevitably to depress all prices in the domestic market. If this forecast of coming industrial and commercial events is sound, should we not promptly, in the adjustment of our tariff, seek to find that "Neutral Line" which, without serious or lasting injury to our domestic trade, will serve most effectively to open new and larger outlets for the export of our surplus products?

We are still chiefly producers of raw materials, and the greater part of our exports still consists of simple products which other industrial nations buy from us to convert into more highly finished goods, a large part of which latter they resell to us. For example, about 74% of all cotton is grown in the United States, but of this only one-third is converted here into finished goods, the other two-thirds being sold abroad as raw cotton, there to be converted into the finished product and sold in the markets of the world, which we are seeking to enter, and much of it resold to us. Of the cotton textiles sold in 1907 in South America, \$47,000,000 were bought in England, and only \$3,700,000 in the United States. Should not our tariff policy aim to promote the larger conversion of our raw materials into finished products *at home*, thereby giving increased employment to American labor? To accomplish this we need to find the "Neutral

Line," which, while promoting the growth of our manufactures, will yet safeguard the interests of our producers of raw materials. For the study of the new and complex questions involved in this problem would not the proposed Commission or Bureau be invaluable to the nation and to its representatives in Congress?

In the case of India rubber we admit the crude article free, presumably for the reason that it cannot be produced in the United States, while a duty, ranging from 30% to 60%, is imposed on the manufactures of rubber. Under this condition the rubber industry of the country has attained vast proportions, and many of its products are largely exported. May it not be possible advantageously to extend the policy thus implied into other lines of industry, and more largely than heretofore, by finding more accurately and scientifically that "Neutral Line" of tariff adjustment which, while fairly respecting and protecting those industries which yield the cruder products, those forming the raw materials of manufacturing, will so operate as to secure for our manufacturers opportunity to purchase their materials on favorable terms, and thus, by increasing their ability to compete in foreign markets, increase the field of employment for American labor, both in its lower and higher forms?

In this connection it should be kept in mind that the finished product of one industry, especially of those which are closest to the natural article, becomes the raw material of the industry next higher in the scale of manufacture. Thus cotton passes successively from the field to the bale, into yarn, into cotton cloth, and finally into print goods and still higher products, each of these stages constituting a distinct industry, and all forming a progressive chain. Except so far as profits and royalties are added to cost at each of these progressive stages, the entire cost of almost every finished article consists of labor, applied successively and cumulatively throughout the progressive series of operations. Whatever tends, by lowering the purchasing power of money, to enhance the wages rate, operates directly and proportionately to enhance the final cost of the product, without compensating benefit to the wage-earner, and to the disadvantage of the manufacturer who seeks to find an outlet for his surplus

product in export markets. As explained elsewhere, wages rates are not fixed with direct reference to the tariff, but chiefly are determined by the cost of living, and by the purchasing power of the money in which the wages are paid.

THE FORM.

AS shown by the above, the form of agency which thus far has been considered almost exclusively is that of a "Commission." Two forms of commission have been suggested: (1) A mixed commission, composed of members of Congress and men selected as leading authorities or experts in various fields of applied science; and (2) a governmental commission composed wholly of persons in the permanent and exclusive employ of the Government. Either plan contemplates also a staff of experts, clerks, stenographers, and other assistants.

Of these alternatives the second seems to possess greater advantages, and to offer better grounds for believing that it will accomplish its purpose successfully. Continuity of method, of work, of development, and of experience, and singleness of purpose, are as essential to the best result in this case as in most other undertakings. A member of Congress could devote at best but a fraction of his time to this work, and, therefore, would not be in continuous relation with his associates. Should his term of office end, his services and his accumulated experience in this work would be lost, and his place would be taken by a new man, who would have to acquire over again all of the knowledge and experience which his predecessor had gained. On these grounds and many others it would seem better that the proposed organization should be composed wholly of *permanent* officers and employees, and that the time and services of members of Congress who may have to deal with this subject should be devoted exclusively to the work of reviewing the information furnished and the conclusions reached by the permanent tariff agency, and to the *constructive work* of framing legislation based thereon.

If the latter view be accepted, the question then arises, would it not be better to abandon the idea of a "Commission," and to

substitute therefor the Bureau form of organization? If so, the experience of the Administrative Departments, in the organization and management of the numerous Bureaus existing within them, should form a valuable guide. Presumably such an organization would imply a single responsible head, with a staff of assistants proportionate to the amount of work assigned. Among these should be men whose previous education and experience qualify them as experts in at least the leading lines of technical knowledge and applied science which enter into the tariff problem. As in the Patent Office, each such expert should have assigned to him a well defined field of work, in which he and his assistants, as experience accumulates, may each acquire increased knowledge and experience in his special field, and thus become increasingly useful for the purposes for which the Bureau would exist.

This process of "functional management" is typical of modern tendencies in almost every field of work. It is the direct and natural outcome of the specialization of modern science and modern industry, and its tendency reacts further to increase that specialization. The benefits of functional management are now beyond discussion, and should be sought in this important division of the work of government. The mere proposal to create a "Tariff Commission" implies a recognition of the highly specialized nature of the work, and the need of providing functional assistance for the legislative department of the government in dealing with tariff problems.

CONCLUSION.

THE essential features in the foregoing argument may be summarized as follows, viz.:

1. The tariff embodies the heaviest tax which the people of the United States impose on themselves; it yields one-half of the national revenue.
2. The present method of fixing tariff rates is through Congressional Committees, acting chiefly on *ex parte* evidence, unaided by neutral expert advice, and acting at long intervals.

3. This method produces inequalities which are unnecessary, unjust, and either harmful or absurd; it is crude, unscientific, and outgrown; it should be replaced by a better and more modern method.

4. The present method imposes an unnecessary and unreasonable hardship on Congress, by requiring its Committees to do, under extreme pressure and a most unfavorable environment, preparatory work for which their members possess no previous training or experience, for which they have no adequate opportunity, which is highly technical and specialized, and which should be done for them by a properly constituted subordinate agency.

5. The remedy is a permanent technical Bureau of Tariff Research, to collect, collate, analyze, and report industrial and commercial data, domestic and foreign, for the use and guidance of Congress and the Executive Departments.

6. Tariff revision should be continuous not intermittent, thereby steadily approximating the tariff more closely to the "Neutral Line" of the greatest good and the least injury to all interests; adjusting it promptly to current changes in industrial and commercial conditions at home and abroad; obviating the chronic upheavals of business which intermittent revisions involve; and giving to the people continuity and steadiness, combined with reasonable flexibility, in this vitally important factor in their national and private affairs.

7. The influence of the tariff on wages rates is indirect, not direct; it chiefly influences them by affecting the cost of commodities and living, which in turn chiefly determine the rate of wages; the true measure of a wage-rate is its purchasing power; hence anything tending to enhance the general cost of living operates to depress the purchasing power of wages; therefore, the tariff should be adjusted with regard for all its effects on all the people, not with regard for protected interests only.

8. Our domestic production is rapidly overtaking our domestic consumption; hence our tariff policy should aim to find that "Neutral Line" which, while conserving the home market, will

also best promote our progress in ability to compete on equal terms with the other great industrial nations in the markets of the world.

9. We are now exporters chiefly of raw products which other nations, our competitors, convert into finished goods and re-sell in higher forms in the markets of the world, largely to us; our tariff policy should aim to encourage a larger conversion of our raw materials into finished goods at home and by American labor, to promote which end Congress should have the assistance of a permanent Bureau of Tariff Research, or its equivalent.

10. Finally, Congress should now address itself to the creation of a permanent governmental office or Bureau, organized and maintained for the continuous and scientific study of the problems thus indicated, which shall perform, as Congress may direct, all of the technical work involved, through a competent staff of experts, statisticians, translators, stenographers, and clerks; which shall furnish to the Committees of Congress such information and assistance as they may call for; and which shall thus effectively aid Congress in finding the best solution of our tariff problems, in maintaining the tariff at all times in close adjustment to current conditions, and in overcoming the evils of our present system of intermittent revision, with the recurring upheavals which it involves in the business affairs of the Nation and the People.

ADDENDUM

THE doubt expressed as to the choice between a "Commission" or a "Bureau," disappeared completely during the discussions which took place at the Indianapolis Convention, February 16-17-18, 1909. The arguments there advanced showed conclusively that, while the "Bureau" form may be the best for the routine work of collecting, collating and digesting statistical facts, and perhaps the most expedient form to adopt for the present, the higher and still more important work which will ultimately be needed could better be done by a permanent "Commission," especially the semi-judicial work of adjudicating between conflicting

claims, determining on recommendations as to tariff legislation, and advising upon the framing of trade agreements with other nations. Having in view all of the possibilities thus implied, it seems clear that the best *ultimate* form of organization would be a Commission, consisting of seven or nine members, corresponding in character, dignity and rate of compensation to the present Interstate Commerce Commission, with an effective Bureau, organized under its control, for the accomplishment of the vast amount of detail work to be done.

THE ADVANCE MOVEMENT

THE Committee of One Hundred, through its officers and Executive Committee, lost no time in declaring the principles of the Convention and effectively securing a wide publicity; this was particularly important in view of the Special Session called by President Taft shortly after his inauguration, March 4, 1909.

There is scarcely a business man in this country who does not remember the trials and tribulations of revising the Tariff at that Session. It is a story that might well be left unwritten, except that it stimulated the Tariff Commission movement and created heated arguments for and against the proposition. The method employed in framing the Payne-Aldrich Bill brought before our citizens all the more conclusively the necessity for a radical change in writing any Tariff Bill.

It may be well to quote here from an article used as an "Argument for a Permanent Expert Tariff Commission" and presented by Mr. H. E. Miles of the National Association of Manufacturers and Chairman of the Central Committee on Expert Tariff Commission, representing fifteen national organizations. This argument represents a feeling which existed among many manufacturers at this period, and while it may have caused resentment to many and was not as calm and judicial as other exponents of the cause might have wished, yet its very frankness and virility measured up to a certain standard necessary at this particular time. Mr. Miles said in part:

There are four thousand items in the tariff. It is impossible for Congressmen to post themselves on a hundredth part of the schedules. The work of drafting legislation must be done by others; as, in great measure, it has been in the past.

The inability of Congress to frame a proper tariff, even if so disposed, by present methods, and the inexperience of Congress, are little appreciated. A Tariff Bill is framed in the first instance by the majority members of the Ways and Means Com-



HERBERT E. MILES,
Chairman Executive Committee, Chamber of Commerce of the United States

mittee of the House. It is expected to pass the House as submitted with little alteration. The minority members of the Committee have little or nothing to do with it. For instance, in the making of the McKinley Bill the minority members were present at the open hearings, but very early in the committee's actual constructive work, the minority members said to the majority members, "we will not embarrass you by our presence. We will, of course, make a minority report, and with that understanding we leave you to your work."

The present Ways and Means Committee, which will frame the Tariff, has upon it only two Republicans who have had any experience in the making of tariffs. One member only of the minority ever served upon a tariff-making committee before, being one of the majority members who framed the Wilson Bill.

Imagine, if you can, a tariff framed in a know-it-all-in-ninety-days session by a lot of novices. Not one of the Committee is a manufacturer. They know as little about manufacturing as manufacturers know about law, and yet a few others who support them insist that these men shall so legislate as to affect the prices, cost of living, and the profits and the savings of our ninety million inhabitants, and shall determine what shall be our success in foreign trade, where we meet Germany with its perfect tariff, based upon the findings of the German Tariff Commission of thirty-two experts, who gave five years of study to her interests, consulting in that period 2,000 other experts. As well give the throttle of a locomotive over to a child and expect the best consequence.

THE DINGLEY BILL.

The Dingley Bill had among its majority members only four men, Messrs. Dingley, Payne, Dalzell and Hopkins, a newspaper editor and three attorneys, who had any previous experience, and Mr. Benton McMillan of the minority. That men so inexperienced should have hastily made a tariff for this Nation "was worse than a blunder; it was a crime." They only made a great, blind jab at the task. They began wrong by taking classifications more than a generation old, very inapplicable to our time, having

neither knowledge nor time to consider that important phase of the subject at all adequately, and consequently we have had 300,000 lawsuits on classifications and appraisals, nine-tenths of which might have been avoided.

THE WILSON BILL.

So of the Wilson Bill. Only three members of the majority had had previous experience and that as minority members of the Committee which framed the McKinley Bill, where they had too delicate consideration for the majority even to be present when the work was done. These three men, with others wholly inexperienced, made the Wilson Bill. There were of the minority members of the Wilson Committee, five Republicans of previous experience, whose experience was neither desired nor made use of.

The pitiable plight of the inexperienced Democrats who made this Wilson Bill, is in part illustrated by the following statement of Senator Vest of Missouri:

I look back now upon what occurred during the debate and conference on the Wilson-Gorman bill as a nightmare, from the effects of which I have never recovered.

Before the conference ended three of the conferees had broken down under the constant strain to which we were subjected. Wilson was attacked with facial erysipelas, and in a few days afterwards I became a victim of the same malady. We sat opposite to each other, our faces discolored by iodine and looking like two Indians painted for a war dance.

In a short time afterwards Senator Harris also went upon the sick list and told me subsequently that he dated the failure of his health from the effects of overwork and constant anxiety incident to the struggle over the Wilson-Gorman Bill of 1894.

Senator Jones was also stricken down with angina pectoris and was compelled to go abroad in order to obtain relief. I have myself never been able to recover from the exhaustive labor to which I was subjected during that terrible struggle.

And as pitiable was the plight into which they put the whole country by the Bill itself. The country was painted with iodine for years.

Bribery and ignorance worked together, impelling President Cleveland impulsively to declare the Bill one "of perfidy and dishonor."

THE McKINLEY BILL.

Likewise as to the McKinley Bill. Mr. McKinley himself was the only man of the majority with previous experience. A gentleman upon that Committee, who was said by Mr. McKinley to have written more of the schedules than any other man, declares that they acted without information—could not get information, and simply did the best they could. Mr. McKinley's statement with reference to the glass schedule referred to in my preceding paper confirms this statement. He did not put the making of this and other schedules into the hands of the beneficiaries because he thought that the proper way, but because in the hurry and lack of proper methods there was no other way.

IMPORTANCE OF TECHNICAL COUNSEL.

The importance in a money sense of having an honest and scientific tariff cannot be overestimated. The total value of the yearly output of our factories is \$14,800,000,000. Much more than half of this is overcharged to the consumers not because of protection, but because of the graft in the tariff. The injury is cumulative. My own business pays \$50,000 per year of this graft. It must make the same profit on this \$50,000, as on the rest of its purchases. It therefore charges \$60,000 for the fifty expended. The jobber and the retailer each adds his profit, until the consumer pays \$80,000 or more for the initial \$50,000 of graft. The total unnecessary cost of the tariff to American consumers cannot be estimated at less than \$500,000,000.00 per year. It has been estimated as more than double this figure.

Nothing but the unprecedented prosperity of the nation has made it possible for the people to submit to the situation without acute consciousness and extreme financial discomfiture. Nothing but its skilful indirection has kept the people from rising in protest and compelling correction. Few people can even discover

from the Tariff Law what are the charges. Some great manufacturers cannot understandingly read their own rates. The man who made the original drafts of the McKinley and Dingley Bills said: "The people won't stand for more than fifty per cent duties, and so I am making fifty per cent the apparent rate and by jokers and provisions not commonly understood, I am raising the rates far, far above that." And so he did. The law was made to cheat with.

Many of the people are aware of this. As time passes they find their best efforts avail nothing as compared with those of victorious trusts. Virtue no longer receives due reward. A sort of contempt attaches to it. The honest man is coming to look upon his own rectitude as if it were a sort of weakness. He wonders how he, too, can fool the people, and so bring into his pockets a miraculous stream of unearned dollars.

Great bankers agree that the half billion dollars of graft taken from the pockets of the consumers by the few ultra-protected interests is a great strain upon our financial resources. Those who get it, use it on the whole well. But things would be a thousand times better were these hundreds of millions of dollars left in the pockets of their rightful possessors, the consumers, to be used by them in the lesser and ordinary expenses of life.

The manufacturers of the country, tired of graft, and of ill-judged and hasty determinations, almost unanimously declare for the establishment of a non-partisan, semi-judicial, expert Tariff Commission, which shall study the tariff, schedule by schedule, and from time to time embody their findings in the form of recommendations to Congress and the Executive. Every other great country has such a board or commission of experts. All our progressive statesmen know we must come to this. Only the politicians and their few but very rich and powerful over-protected sponsors and backers oppose this plan. These opponents yield to the extent of conceding the necessity of expert determination, but they will not in fact yield any part of the graft-producing opportunities.

The fight to-day is for experts of independent standing, who, as the servants of Congress shall determine the costs of produc-

tion here and abroad and lay the clear proof before Congress. The present leaders of Congress do not want this proof. They now refuse to have it. Their disposition is still as it was when a committee of manufacturers asked for 250 per cent duty. A New York firm in good standing declared 50 per cent ample. The committee to whom these statements were made was composed of lawyers. Had they been serving a client in a private case, or the public to whom they were oath-bound, they would have demanded proof, and secured it. But no, they did not want it. They gave rates running for most part from 100 to 150 per cent, and it is said one of the beneficiaries of the rates wrote the schedule as usual. It was written too in a way not easily understood by the uninitiated.

Congress has recently given to the country remarkable and conclusive evidence of the need of a permanent Tariff Commission. Of the 4,000 items in the present tariff few are simpler than those on wood pulp and print paper. By the power of the press the House against its will was compelled to consider these two items at the last session. It delegated to that task five members, who have spent some two months on these two items. We are told that they will be unable thoroughly to digest the evidence and report with understanding on these two items except as they devote many more weeks thereto. By instituting this inquiry, the House acknowledges that every rate should be based upon a thorough investigation. By the length of the inquiry it demonstrates the impossibility of the House itself, unassisted, determining rightly a fifth part of the schedules in a lifetime. The work must go undone or be delegated in great measure to a Commission acting as the servant of Congress, and advisory also to the President, who, too, must act with understanding. The power of tariff making rests wholly in Congress. That power carries an obligation so great, that exhaustive investigation and a complete understanding should precede action.

The ascertainment of facts is a judicial and not a legislative function. Congress has recognized this in the recent establishment of a Currency Commission, and by many previous commissions.



EX-SENATOR ALBERT J. BEVERIDGE

There is no doubt of the widespread use of the commission plan or of its efficiency in handling questions which require careful consideration, and which bring into play quasi-legislative and judicial, as well as purely administrative judgments. Use is made of them in every department of our municipal, state and national service. In 1906 fifteen states supported 281 commissions. Recent state legislation has created more than 445. The multiplication of state commissions is one of the striking facts in our recent administrative development. Those commissions generally stand for efficiency and economy and for the methods of our business life. Many of the greatest national movements have found their origin in the work of these commissions. Two of national consequence have acted recently and most satisfactorily, these being the Anthracite Coal Commission and the Interstate Commerce Commission. President Roosevelt recommends to Congress the establishment of a permanent Commission to study, and, under Congress, develop our internal waterways. The desirability of such a commission is immediately apparent. The Industrial Commission and others resulted in great improvement in the Postal Service, in the development of the Department of Commerce and Labor, in the rate, the Elkins and the Immigration laws, in part to the anti-trust laws, etc. Alongside these, and of equal or greater moment, will soon be found a Tariff Commission.

No commission can make a tariff. That power rests exclusively in Congress. Congress as a whole is well intentioned, however, and we gladly believe that Congress will do rightly by the people, once the clear proof is put before it.

The present tariff situation cannot long endure. It will, however, be projected into the next law in part at least, and in as great measure as public sentiment permits. Every effort of daring and skilful manipulations in both parties will be made to yield as little as possible and to secure as much as may be obtained in excess of honest desert. May we hope that an aroused public opinion will do now and fully, that which will otherwise be done only in part. If the task be only begun it will needs be completed at a later date after the people have suffered a loss of

billions of dollars, and a loss also of what is of priceless value—public honor, moral worth, and international esteem.

FIRST LEGISLATIVE EFFORT.

Following up his admirable address in Indianapolis, Senator Beveridge, who did not need to be prodded, advanced his own ideas and those of his constituents, as well as accepting the desires of many broad-minded citizens by introducing into the Senate of the United States, April 15, 1909, during the First Session of the Sixty-first Congress, a Bill to create a Tariff Commission.

As this measure was the immediate outcome of the Indianapolis Convention and was the first of many Bills which followed in rapid succession as the true needs of the situation became known throughout the country, and as this Bill formed a basis for what came after and excited much comment for and against its provision, it becomes interesting as a matter of history and is reproduced here verbatim:

61st Congress

S. 1 8 2 0

1st Session.

In the Senate of the United States

April 15, 1909.

Mr. Beveridge introduced the following Bill, which was read twice and referred to the Committee on Finance.

A BILL.

To Create a Tariff Commission.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created a commission which shall be known as the Tariff Commission.

SEC. 2. That said commission shall consist of seven members appointed by the President of the United States, by and with the advice and consent of the Senate, the members of said commission

to be appointed solely with a view to their qualifications as specified in this Act and without regard to political affiliations. The composition of the commission shall be as nearly as possible as follows: First, three members identified with the producing interest; second, one member a lawyer who has made a special study of the customs and tariff laws of the United States; third, one member who has had special experience in connection with the administration of customs and tariff laws of the United States; fourth, one member familiar with industrial and commercial conditions in foreign countries affecting competition of foreign products with products of the United States and thoroughly conversant with the customs and tariff laws of those countries; fifth, one economist and statistician who has given special attention to the subject of prices and cost of production as affecting the tariff.

No member shall belong to either branch of Congress. The members of said commission shall be appointed for terms of seven years, but any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. The commissioner first named shall be the chairman of the commission. Each commissioner shall receive an annual salary of seven thousand five hundred dollars. The commission shall appoint a secretary, who shall receive a salary of three thousand six hundred dollars. The commission shall have the power to employ and fix the compensation of such other employees as it may find necessary to the proper performance of its duties.

SEC. 3. That it shall be the duty of said commission to investigate immediately the cost of production of all articles covered by the tariff, with special reference to the prices paid American labor in comparison with the prices paid foreign labor, the prices of raw materials, whether domestic or imported, entering into manufactured articles, the condition of domestic and foreign markets as affecting American products, and all other facts which, in the judgment of said commission, may be necessary or helpful to Congress in providing equitable rate of duties on any article; and, in general, to thoroughly investigate all the various questions relating to the manufacturing, agricultural, commercial, and mining interests of the United States so far as the same may be necessary or helpful to Congress in enacting customs tariff laws.

SEC. 4. That said commission shall tabulate the results of said investigation and submit the same to Congress, together with an explanatory report of said facts so ascertained; and said tabulation of said facts and report in explanation of the same shall be laid before Congress at the earliest possible moment for the use, information, and guidance of Congress; and at the request of the

Ways and Means Committee of the House and the Finance Committee of the Senate, or by the direction of Congress by resolution, said commission shall sit with said above-named committees of the House and of the Senate during the sessions of said committees when said committees are drafting or considering any bill affecting the customs tariff laws of the United States.

SEC. 5. That it shall be the duty of said commission to study and investigate all rulings and classifications of the Treasury Department by which new articles not specifically provided for in the customs tariff law are now included in the operation of said law; and also make a study of the classifications recently adopted in the customs tariff laws of the leading commercial nations of the world; and to submit to Congress the result of said investigations, together with a draft of a scheme for the scientific classification of tariff schedules.

SEC. 6. That said commission shall have the power to sit and hold hearings in any part of the country, and it shall be the duty of said commission, through one or more members thereof, to personally visit every section of the country and personally investigate the conditions of each section with reference to the tariff; it shall also have the power to visit, through one or more of its members or employees, such foreign countries as may be found necessary in the prosecution of its work; that the commission shall have the power to call upon any of the existing government departments or bureaus for information on file in such departments or bureaus which it may require in connection with the work it is authorized to do by this Act. Said commission in pursuing its investigations, as above provided, shall have the power to take testimony, administer oaths, and require the production of books and papers for the purpose of the accurate ascertainment of the facts which it shall be the duty of said commission to investigate and report to Congress, as hereinbefore provided.

SEC. 7. That, in addition to the other duties herein provided, it shall be the duty of said commission to continuously study the tariffs of other countries with especial reference to their effect upon the foreign trade of the United States, and at his request to advise the President from time to time as to the state of the commerce of the United States with foreign countries, and the effect which the tariffs of said foreign countries and our own tariff have upon such trade, to the end that the President of the United States may take such steps in the application of the maximum and minimum tariffs and other administration of our tariff laws as in his opinion will best protect the interests of the United States.

SEC. 8. That the principal offices of said commission shall be in the city of Washington, and said commission may hire suitable offices for its use and procure all necessary office supplies. Should said commission require the attendance of any witness, either in Washington or at any other place not the home of said witness, said witness shall be paid the same fees and mileage that are paid witnesses by the courts of the United States.

SEC. 9. That all of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners, or by their employees under their orders, in making any investigations, or upon official business in any other places than in Washington, shall be paid on the presentation of itemized vouchers, approved by the chairman of the commission. The sum of one hundred thousand dollars is hereby appropriated for the salaries and expense of the commission authorized by this Act.

"THE PAYNE-ALDRICH BILL."

The caption used for this chapter is not for the purpose of criticising a measure which may be said to have caused the undoing of the Republican Party, for those who have had at heart the real desire to see a permanent Tariff Commission a part of our Government machinery know that a discussion of schedules has always been avoided, the contention being that it is the lack of principle in the making of the Bill and the futility of the methods then in use to produce a safe basis for any revision of schedules which made all the trouble.

Millions of money were spent in securing a mass of information or misinformation during a period of less than five months. It was a physical impossibility for the men on the Ways and Means Committee to frame up a measure which could be fair and equitable. It is not the purpose of this volume to recite any glaring cases of iniquity and inconsistency. This is merely a statement of facts and the months and years which followed proved conclusively that wrong was done somewhere, otherwise the foundation would not have crumbled as it did.

Through all the months of hearings, there was a persistent note which sounded clear throughout the country and the question was asked from Maine to California, why not have a Tariff Body of Experts or a Tariff Commission, call it what you will, but have

a scientific system of acquiring facts without even a suggestion of privilege or preference.

The weather in Washington grew hotter and hotter, the minds of men became inflamed, but the real exponents of scientific tariff making stood by until the last and finally saw what appeared to be a tiny provision included in the Payne-Aldrich Tariff Act, which became a law on August 5, 1909. This was in Article 718, Section 2, and read as follows:

To secure information to assist the President in the discharge of the duties imposed upon him by this Section (that is, relating to the application of the maximum and minimum rates), and the Officers of the Government in the administration of the Customs Laws, the President is hereby authorized to employ such persons as may be required.

Thus was born what was afterward designated as "The Tariff Board" and the builders of a Tariff Commission began to see a glimmer of hope.

It was not until September 14, 1909, that the President under the authority thus given appointed three persons to assist him in the manner contemplated by the act and designated them as constituting the Tariff Board.

On August 4, 1909, Senator Beveridge, who had frequently made masterly efforts to introduce a Tariff Commission Bill before the passage of the Payne-Aldrich Act, tried again and introduced another Bill, S. 3095, into the Senate containing many of the same features as appeared in his previous Bill, but framed with more care and more nearly meeting the exigencies of the situation.

This Bill, which died in Session, read as follows:

A BILL TO CREATE A TARIFF COMMISSION.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created a commission which shall be known as the Tariff Commission.

SEC. 2. That said commission shall consist of seven members appointed by the President of the United States, by and with the advice and consent of the Senate, the members of said commission

to be appointed solely with a view to their qualifications as specified in this Act and without regard to political affiliations. The composition of the commission shall be as nearly as possible as follows: First, three members identified with the producing interests; second, one member a lawyer who has made a special study of the customs and tariff laws of the United States; third, one member who has had special experience in connection with the administration of customs and tariff laws of the United States; fourth, one member familiar with industrial and commercial conditions in foreign countries affecting competition of foreign products with products of the United States and thoroughly conversant with the customs and tariff laws of those countries; fifth, one economist and statistician who has given special attention to the subject of prices and cost of production as affecting the tariff. No member shall belong to either branch of Congress. The members of said commission shall be appointed for terms of seven years, but any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. The commissioner first named shall be the chairman of the commission. Each commissioner shall receive an annual salary of seven thousand five hundred dollars. The commission shall appoint a secretary, who shall receive a salary of three thousand six hundred dollars. The commission shall have the power to employ and fix the compensation of such other employees as it may find necessary to the proper performance of its duties.

SEC. 3. That it shall be the duty of said commission to investigate immediately the cost of production of all articles covered by the tariff, with special reference to the prices paid American labor in comparison with the prices paid foreign labor, the prices of raw materials, whether domestic or imported, entering into manufactured articles, the condition of domestic and foreign markets as affecting American products, and all other facts which, in the judgment of said commission, may be necessary or helpful to Congress in providing equitable rate of duties on any article; and, in general, to thoroughly investigate all the various questions relating to the manufacturing, agricultural, commercial and mining interests of the United States so far as the same may be necessary or helpful to Congress in enacting customs tariff laws.

SEC. 4. That said commission shall tabulate the results of said investigation and submit the same to Congress, together with an explanatory report of said facts so ascertained; and said tabulation of said facts and report in explanation of the same shall be laid before Congress at the earliest possible moment for the use, information and guidance of Congress; and at the request of the Ways

and Means Committee of the House and the Finance Committee of the Senate, or by the direction of Congress by resolution, said commission shall sit with said above-named committees of the House and of the Senate during the sessions of said committees when said committees are drafting or considering any bill affecting the customs tariff laws of the United States.

SEC. 5. That it shall be the duty of said commission to study and investigate all rulings and classifications of the Treasury Department by which new articles not specifically provided for in the customs tariff law are now included in the operation of said law; and also make a study of the classifications recently adopted in the customs tariff laws of the leading commercial nations of the world; and to submit to Congress the result of said investigations, together with a draft of a scheme for the scientific classification of tariff schedules.

SEC. 6. That said commission shall have the power to sit and hold hearings in any part of the country, and it shall be the duty of said commission, through one or more members thereof, to personally visit every section of the country and personally investigate the conditions of each section with reference to the tariff; it shall also have the power to visit, through one or more of its members or employees, such foreign countries as may be found necessary in the prosecution of its work; that the commission shall have the power to call upon any of the existing government departments or bureaus for information on file in such departments or bureaus which it may require in connection with the work it is authorized to do by this Act. Said commission, in pursuing its investigations, as above provided, shall have the power to take testimony, administer oaths, and require the production of books and papers for the purpose of the accurate ascertainment of the facts which it shall be the duty of said commission to investigate and report to Congress, as hereinbefore provided.

SEC. 7. That, in addition to the other duties herein provided, it shall be the duty of said commission to continuously study the tariffs of other countries with especial reference to their effect upon the foreign trade of the United States, and at his request to advise the President from time to time as to the state of the commerce of the United States with foreign countries, and the effect which the tariffs of said foreign countries and our own tariff have upon such trade, to the end that the President of the United States may take such steps in the application of the maximum and minimum tariffs and other administration of our tariff laws as in his opinion will best protect the interests of the United States.

SEC. 8. That the principal offices of said commission shall be in the city of Washington, and said commission may hire suitable offices for its use and procure all necessary office supplies. Should said commission require the attendance of any witness, either in Washington or at any other place not the home of said witness, said witness shall be paid the same fees and mileage that are paid witnesses by the courts of the United States.

SEC. 9. That all of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners, or by their employees under their orders, in making any investigations, or upon official business in any other places than in Washington, shall be paid on the presentation of itemized vouchers, approved by the chairman of the commission. The sum of one hundred thousand dollars is hereby appropriated for the salaries and expense of the commission authorized by this Act.

THE TARIFF BOARD.

The previous chapter tells how the Payne-Aldrich Tariff Act provided for a Tariff Board, probably with no real intention of doing so.

Under the authority thus given, the President, by a letter dated September 14, 1909, appointed three persons to assist him in the manner contemplated by the act, and designated them as constituting the Tariff Board. The persons so appointed were: Prof. Henry C. Emery (chairman, professor of political economy in Yale University); Alvin H. Sanders, editor of the *Breeders' Gazette* (a leading agricultural journal) and for thirty years a student and writer on agricultural subjects; James B. Reynolds, Assistant Secretary of the Treasury, and for some years previous in charge of customs.

The members of the Board met for the first time September 24, 1909, and at this meeting issued a letter to importers concerning the application of the maximum and minimum provisions of the new tariff law. About October fifteenth the Board received instructions from the President, through the Secretary of the Treasury, to proceed to investigate and report concerning the application of article 718, section 2, of the tariff act to our treaties with foreign nations, and to assist the Department of State in conducting the negotiations relating thereto, the instructions stating that when this work was completed, the Tariff Board should then apply itself to ascertaining the costs of production, at home and abroad, of all the articles covered by the tariff schedules.



EX-PRESIDENT WILLIAM H. TAFT

This special work of the Board continued throughout the winter of 1909 and is shown in a Special Report made on the Tariff Board by a committee of the National Tariff Commission Association.

The President in his Annual Message of December 7th, 1909, said:

An examination of the law and an understanding of the nature of the facts which shall be considered in discharging the functions imposed upon the execution show that I have the power to direct the Tariff Board to make a comprehensive glossary and encyclopaedia of the terms used and articles embraced in the Tariff law, and to secure information as to the cost of production of such goods in this country and the cost of their production in foreign countries.

I have therefore appointed a Tariff Board, consisting of three members and have directed them to perform all the duties above described. This work will perhaps take two or three years and I ask from Congress a continuing annual appropriation equal to that already made for its prosecution.

I believe that the work of this Board will be of prime utility and importance whenever Congress shall deem it wise again to readjust the Customs duties. If the facts secured by the Tariff Board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election, I shall not hesitate to invite the attention of Congress to this fact, and to the necessity of action predicated thereon.

Nothing however halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation upon which such revision can properly be undertaken, it seems to me unwise to attempt it. The amount of misinformation that creeps into arguments pro and con, in respect to tariff rates, is such as to require the kind of investigation that I have directed the Tariff Board to make an investigation undertaken by it wholly without respect to the effect which the facts may have in calling for a readjustment of the rates of duty.

ATTITUDE OF THE PRESS.

As early as January, 1890, the New York *Evening Post* in an editorial makes this reference to the then existing methods of revising our tariff.

Hearings on the tariff by the Committee of Ways and Means are usually monopolized by persons who want greater facilities for plucking the community. Every interest is represented except the public interest. The professional, the mercantile, and the laboring classes, constituting the bulk of the population, stay at home and attend to their private affairs. The small number whose business is susceptible of protection by the tariff are always on hand, ready to show how a little more taxing of the consumers would be a benefit to them, and consequently a great public boon. Now, it is a maxim in politics that Government is carried on by those who take an interest in it, who stir about and make themselves felt. All who do not stir about might as well be effaced. It makes no difference how numerous the sluggards, the inactive, the indifferent classes may be, or how grievously they may be oppressed by the small but active minority; it remains true here as everywhere that the gods help those who help themselves. Congressmen follow the example of the gods in this particular. They help those who go to Washington and push and pull and fight. The wool-growers last year went to Washington and pushed and pulled and fought for higher duties on wool, and they got what they asked for because there was no effective resistance to them. Their bill did not pass, because one branch of Congress, being Democratic, was committed to free wool. The Senate yielded to the outlandish demand, but the House did not.

PRESIDENT ROOSEVELT'S IDEAS.

THEODORE ROOSEVELT was the first President of the United States to suggest a concrete basis for a Tariff Commission. Committed absolutely to the protection principle, his suggestions were naturally strongly partisan, but it is interesting to note that after he had been in the Presidential office but a year, he expressed himself very fully and clearly on this subject in a speech at Logansport, Ind., September 23, 1902. Here he said in part:

Another essential for any community is perseverance in the economic policy which for a course of years is found best fitted to its peculiar needs. The question of combining such fixedness of economic policy as regards the Tariff, while at the same time allowing for a necessary and proper readjustment of duties in particular schedules, as such readjustment becomes a matter of pressing importance, is not an easy one. It is perhaps too much to expect that from the discussion of such a question it would be possible wholly to eliminate political partisanship. Yet those who

believe, as we all must when we think seriously of the subject, that the proper aim of the party system is after all simply to subserve the public good, cannot but hope that where such partisanship on a matter of this kind conflicts with the public good it shall at least be minimized. It is all right and inevitable that we should divide on party lines, but woe to us if we are not Americans first and party men second. What we really need in this country is to treat the tariff as a business proposition from the standpoint of the interests of the country as a whole, and not from the standpoint of the temporary needs of any political party. It surely ought not to be necessary to dwell on the extreme unwisdom, from a business standpoint, from the standpoint of national prosperity, of violent and radical changes amounting to the direct upsetting of tariff policies at intervals of every few years.

A nation like ours can adjust its business after a fashion to any kind of tariff. But neither our nation nor any other can stand the ruinous policy of readjusting its business to radical changes in the tariff at short interval. This is more true now than ever it was before, but owing to the immense variety of our products, the tariff schedules of to-day carry rates of duty on more than four thousand articles. Continual sweeping changes in such tariff, touching so intimately the commercial interests of the nation, which stands as one of the two or three greatest in the whole industrial world, cannot but be disastrous. Yet on the other hand where the industrial needs of the nation shift as rapidly as they do with us, it is a matter of prime importance that we should be able to readjust our economic policy as rapidly as possible and with as little friction as possible to these needs.

We need a scheme which will enable us to provide a reapplication of the principle to the changed conditions. The problem, therefore, is to devise some method by which these shifting needs can be recognized and the necessary readjustments of duties provided without forcing the entire business community and therefore the entire nation, to submit to a violent surgical operation, the mere threat of which, and still more the accomplished fact of which, would probably paralyze for a considerable time all the industries of the country. Such radical action might readily reproduce the conditions from which we suffered nine years ago in 1893. It is on every account most earnestly to be hoped that this problem can be solved in some manner into which partisanship shall enter as a purely secondary consideration, if at all; that is, in some manner which shall provide for an earnest effort by non-partisan inquiry and action to secure any changes the need of which is indicated by the effect found to proceed from a given rate of duty on a

given article; its effect, if any, as regards the creation of a substantial monopoly; its effect upon domestic prices, upon the revenue of the government, upon importations from abroad, upon home productions, and upon consumption. In other words, we need to devise some machinery by which, while persevering in the policy of a protective tariff, in which I think the nation as a whole has now generally acquiesced, we would be able to correct the irregularities and remove the incongruities produced by changing conditions, without destroying the whole structure. Such machinery would permit us to continue our definitely settled tariff policy, while providing for the changes in duties upon particular schedules, which must inevitably and necessarily take place from time to time as matters of legislative and administrative detail. This would secure the needed stability of economic policy which is a prime factor in our industrial success, while doing away with any tendency to fossilization. It would recognize the fact that as our needs shift, it may be found advisable to alter rates and schedules, adapting them to the changed conditions and necessities of the whole people; and this would be in no wise incompatible with preserving the principle of protection, for belief in the wisdom of a protective tariff is in no way consistent with frankly admitting the desirability of changing a set of schedules, when from any cause such change is in the interests of the nation as a whole—and our tariff policy is designed to favor the interests of the nation as a whole and not those of any particular set of individuals save as an incident to this building up of national well-being. There are two or three different methods by which it will be possible to provide such readjustment without any shock to the business world. My personal preference would be for action which should be taken only after preliminary inquiry by and upon the findings of a body of experts of such high character and ability that they could be trusted to deal with the subject purely from the standpoint of our business and industrial needs; but, of course, Congress would have to determine for itself the exact method to be followed. The Executive has at its command the means for gathering most of the necessary data and can act whatever it is the desire of Congress that it should act. That the machinery for carrying out the policy above outlined can be provided I am very certain, if only our people will make up their minds that the health of the community will be subserved by treating the whole question primarily from the standpoint of the business interests of the entire country, rather than from the standpoint of the fancied interests of any group of politicians.

**ORGANIZATION AND WORK OF THE
NATIONAL TARIFF COMMISSION
ASSOCIATION**



JOHN CANDLER COBB.
President, National Tariff Commission Association.

INTRODUCTION

TO one who has taken part in a great National movement like the campaign for a Tariff Commission, the record of the work has a peculiar and personal interest, each chapter and heading bringing up recollections and calling to mind incidents in the endless chain of work which has characterized our movement.

To attempt to give a complete history within the limits of a reasonable volume would be an impossible task, and Mr. Wills in this work has wisely confined himself to touching the high lights of the campaign sufficiently to give an idea of the breadth and scope of our work, its National character, and the nature of the support it has received, in a manner to emphasize the bringing together in available and concrete form the viewpoints and arguments on the question of a large number of men who have given serious consideration to the subject.

The analysis and study of the opinions given in this book by men of widely diversified training, interests and political affiliations, most of them trained thinkers and workers, cannot but be of value to all interested in the great economic questions of Tariff and Taxation.

The record here given must be considered merely a report of progress, as we have not accomplished the purpose for which we are working—the establishment of a permanent independent Tariff Commission. The results of our work are, however, already very evident and very important as shown by the public and press discussions of Tariff questions. Five years ago the idea of an economically scientific adjustment of the Tariff was looked upon as a dream of a few “Millennium hunters.” To-day most thinking men believe it should and will become a realization.

Mr. Wills is to be especially complimented on this record of the work for which his years of tireless and tactful devotion to the cause have eminently fitted him.

JOHN CANDLER COBB.

ORGANIZED EFFORT

The work of the Tariff Board being fairly started in September 1909, the special Committee of the Indianapolis Convention determined it necessary to work along lines which might prove more effective in securing a Permanent Tariff Commission to continue the work of the temporary Tariff Board.

Mr. H. E. Miles of Racine, acting on behalf of the Committee, visited Boston for the purpose of conferring with Mr. John Candler Cobb, Vice-president of the Boston Chamber of Commerce, a member of the Committee on taxation and an ardent supporter of the Tariff Commission movement and one who did effective work in Washington in securing in the Payne-Aldrich Bill the provision for the Tariff Board.

As a result of this conference Mr. Cobb agreed to accept the Presidency of a National Organization. Henry R. Towne, President of the Merchants' Association of New York, volunteered his services as Treasurer. Mr. Towne, as President also of the Yale & Towne Manufacturing Co. had for many years familiarized himself with tariff matters and was clear in his mind as to the fundamentals, and his willingness to give his experience and his time to this work, encouraged others in the belief that there were good reasons for ultimate success in their efforts.

At a meeting of the temporary committee to discuss the best method of organizing the Association, Henry T. Wills was selected to proceed with certain field work, especially among leading commercial organizations in the Middlewest and ascertain how far a National organization would be supported by local Chambers of Commerce and Boards of Trade.

The Committee of One Hundred of the Indianapolis Convention rendered every assistance and encouraged the organized effort to bring about a National Association. Early in January 1910 the first meeting of the National Tariff Commission Association was held in the offices of the Merchants' Association of New York.

This meeting marked the birth of the Association and the day when the second stage of the work was started for the creation of a non-partisan Tariff Commission.

The Officers and Directors embraced men of distinction from various sections of the country, men who stood for high principles—unbiased desires—unselfish interests, who proposed giving their knowledge, time and money to a cause which could only result in a National benefit.

During this meeting Henry T. Wills was elected Secretary and the full Board of Officers and Directors was as follows:

THE OFFICERS

JOHN CANDLER COBB	President
D. A. TOMPKINS	Vice-President
H. E. MILES	Chairman Executive Committee
HENRY R. TOWNE	Treasurer
HENRY T. WILLS	Secretary

JOHN CANDLER COBB, Boston, Mass.

J. J. CULBERTSON, Paris, Texas.

CHARLES M. JARVIS, New Britain, Conn.

ALBA B. JOHNSON, Philadelphia, Pa.

JOHN KIRBY, JR., Dayton, Ohio.

H. E. MILES, Racine, Wis.

D. M. PARRY, Indianapolis, Ind.

DR. E. V. ROBINSON, Minneapolis, Minn.

GEORGE W. SHELDON, Chicago, Ill.

D. A. TOMPKINS, Charlotte, N.C.

HENRY R. TOWNE, New York.

At this period twenty-seven Chambers of Commerce, Boards of Trade and business organizations had agreed to affiliate with the National Tariff Commission Association. Sixty-eight men of repute from various parts of the country allowed their names to be used as Delegate Members and pledging their loyal support to the work.

Thus was the nucleus formed which was the beginning of an Educational Campaign, which had for its object the arousing of an interest in a specific method of making or remaking our Tariff, which the country at large did not understand or failed to comprehend.

The Press—especially at this stage—the Republican Press was a great help in disseminating information, but just what a Tariff Commission could do or proposed to do was frequently illogically set forth. The field work of the National Tariff Commission Association, through its Secretary, succeeded in developing the organization to a remarkable extent and the list of affiliated bodies increased materially. The West, Northwest and South responded to the call, meetings were held in many cities. under the auspices of the local Commercial Organizations, addresses were made which were apparently convincing to the Directors and Members. They saw reasons for a Tariff Commission, they approved of the principles and policy of the National Association—by passing resolutions similar in purpose to those already passed by the Chicago Association of Commerce, Philadelphia Board of Trade, Boston Chamber of Commerce and others of the larger organizations. There was no East and no West, no North and no South, no imaginary walls dividing the country and better than this—there was no question whatever of partisan politics. Business men of whatever party began to see that in any revision of the Tariff where scientific methods were to be employed, it was absolutely necessary that appointments of the men who were to make these investigations should be based on ability, knowledge and merit.

At this time and even at present writing enemies to the cause endeavored to prove that back of all the principles of the Association was a motive which made for a retention (disguised if you like) of old methods which were subservient to large private interests and political preferences, and in fact that such a Tariff Commission as it was proposed to create was but the cloak for a continuance of a system to benefit the few only.

The National Tariff Commission Association and its members had to meet all this—there was as much bitterness in the Republican ranks as there was skepticism among the Democrats. This refers more to those who were playing politics than to the sensible business man—who was looking for a clean, healthy way of keeping Tariff making out of the hands of a few interested politicians or wealth promoters and finding a system which would

some day prevent upheavals of business and enormous losses financially, by months and years of uncertainty.

All these were phrases used at this particular period. There was riot and rancor in press utterances. In time this was modified, but the people as they learned—were first indignant and then firm in their purpose to simply get rid of the antiquated methods—without using incendiary adjectives—whether or no they expressed the true conditions.

In March 1910—the actual membership by Associations of the National Tariff Commission Association represented over 100,000 citizens who were voters and wage earners, from Presidents of Mills and Factories to men at the looms or in other capacities in manufacturing establishments. Early in this same month the Association's Secretary was invited to Cincinnati to a Convention of the National Wholesale Lumber Dealers' Association, to present to them just what the Tariff Commission plans covered.

A brief statement of what was discussed and how the question was met is sufficient, but it is well to note that no industry of the country was at this period more disturbed on the Tariff question than the lumber industry, and that this Convention at Cincinnati was representative of hundreds of millions of production of one of our greatest resources, as well as including the employment of hundreds of thousands of men.

The interests were also curiously diversified. The points of view of Lumbermen on the Pacific Coast and the Canadian border were utterly at variance with those on the Gulf and Atlantic Seaboard, and in spite of all this these men representing these billions of dollars—saw the fairness of the Tariff Commission plan and in Convention adopted it.

This was but one instance which proved what honest explanation and well directed argument, giving conclusive facts, accomplished.

In this way the National Tariff Commission Association reached the business men—the farmers—the laborers—in fact all citizens. It was its purpose to present to the country a panacea for all these ills of omission and commission as well as a

knowledge of methods employed to great advantage by other nations.

This was the first step to convince and prove to our citizens that there could be a clean and fair method—free from a constant disturbance of all that counted for their own as well as the National prosperity.

Here is where the great work commenced, which was to convey to the law makers of the land—the men they sent to the Capitol to represent and protect their interests, the necessity of legislation which would give to them a just and equitable system of taxation, which is, as we all know, a Tariff—that would be fair to all—unjust to none and yet meet what every properly governed country has to meet—an Annual Budget. Such a budget is necessary but it should not protect the few to the detriment of the many. A Tariff Commission could honestly arrive at information to give to Congress and the President an intelligent basis for revenue on our imports.

If any one man cavils at a system so full of broad and intelligent principles, should he not be under suspicion—in other words, what are his motives in declining to see and accept the right? It means selfish interest or sheer ignorance!

ORGANIZATION CONTINUED.

Following the organization of the National Tariff Commission Association in January, 1910, as referred to in the preceding chapter, the concentrated effort of the various business bodies affiliated with the work produced a widespread interest in the subject, which began to have a very noticeable effect in Washington.

The maximum and minimum clause in the Tariff Act of August 5th, 1909 and the work of the Tariff Board together with the State Department in the adjustment of rates with foreign countries, a report of which appears in a later chapter—aroused not only in the press of this country but in the press of other countries much comment.

It was on the 28th of March, 1910, President Taft sent a message to the Senate and the House of Representatives. At-

tached to this message was a letter to the President from Henry C. Emery, the Chairman of the Tariff Board, giving a general statement of how an appropriation of \$250,000 would be likely to be invested in the continuance of the work of the Board:

*THE NATIONAL TARIFF COMMISSION
ASSOCIATION'S ATTITUDE IN REGARD TO TARIFF
BOARD APPROPRIATION.*

Almost immediately following the message of the President of the United States, asking for an appropriation to carry on the work of the Tariff Board, the Board of Directors of the National Tariff Commission Association held an important meeting at the rooms of the Merchants' Association of New York, at which the President of the Association strongly urged support for President Taft's request to Congress for an appropriation of \$250,000 to carry on the work of the Tariff Board, as being fundamentally necessary for the perfecting of the work for which the association stands. In calling attention to the fact that it is no part of the work of the association to agitate for immediate tariff revision, he said in part:

"The directors have adopted, as a principle of the association, that it is not our province to discuss or criticise the Payne bill, and although many of our members may strongly feel that one or another schedule is entirely unreasonable and inconsistent, as an organization we have taken the position that, at the present time, no information exists on which to base a conclusive and authoritative criticism of the bill, that such information should exist, and that we mean to see that it does exist.

"Incidentally I would add that the belief that glaring inconsistencies and inequalities do exist in the Payne bill is apparently so general and deep seated that further agitation would seem to be entirely superfluous, and our position as desiring to have clearly shown the nature and extent of a generally admitted evil and to provide means for its correction is a conservative and constructive policy which should command the support of all sections and all interests with practical unanimity."

The following resolution was unanimously adopted:

"Resolved, As no adequate information exists on which to base an intelligent revision of the tariff we are opposed to any revision until there has been a thorough, careful and scientific investigation of tariff facts presented in an authoritative form by a competent board so constituted as to command the respect of the country."

The report of the secretary shows that the association is now organized in thirty-eight States and represents organizations with a membership of over 600,000 firms and individuals.

*MESSAGE FROM THE PRESIDENT OF THE
UNITED STATES.*

URGING UPON CONGRESS THE APPROPRIATION OF \$250,000 FOR
THE USE OF THE TARIFF BOARD, TOGETHER WITH
THE STATEMENT OF THE CHAIRMAN OF
THE TARIFF BOARD.

MARCH 28, 1910.—Read, referred to the Committee on Finance,
and ordered to be printed.

To the Senate and House of Representatives:

In my annual message in discussing the tariff act of August 5, 1909, I referred to the maximum and minimum clause and discussed the power reposed in the President in that clause, and expressed the opinion that it would enable the President and the State Department, through friendly negotiations, to secure the elimination from the laws and the practice under them in any foreign country of that which is unduly discriminatory against the United States. I am glad to say that negotiations under that Clause are now substantially completed with all the nations of the world with results that are satisfactory; and I come now to the further functions of the Tariff Board appointed by virtue of the power given the President in the maximum and minimum clause. Upon the subject of this Tariff Board I used the following language:

The new tariff law enables me to appoint a tariff board to assist me in connection with the Department of State in the adminis-

tration of the minimum and maximum clause of the act and also to assist officers of the Government in the administration of the entire law. An examination of the law and an understanding of the nature of the facts which should be considered in discharging the functions imposed upon the Executive show that I have the power to direct the Tariff Board to make a comprehensive glossary and encyclopedia of the terms used and articles embraced in the tariff law, and to secure information as to the cost of production of such goods in this country and the cost of their production in foreign countries. I have therefore appointed a Tariff Board consisting of three members and have directed them to perform all the duties above described. This work will perhaps take two or three years, and I ask from Congress a continuing annual appropriation equal to that already made for its prosecution. I believe that the work of this board will be of prime utility and importance whenever Congress shall deem it wise again to readjust the customs duties. If the facts secured by the Tariff Board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election, I shall not hesitate to invite the attention of Congress to this fact and to the necessity for action predicated thereon. Nothing, however, halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation, upon which such revision can properly be undertaken, it seems to me unwise to attempt it. The amount of misinformation that creeps into arguments pro and con in respect to tariff rates is such as to require the kind of investigation that I have directed the Tariff Board to make, an investigation undertaken by it wholly without respect to the effect which the facts may have in calling for a readjustment of the rates of duty.

Upon consulting the members of the Tariff Board I find that to carry out the purpose announced in my annual message it will be necessary to have an appropriation by the Congress, immediately available, for the current and the next fiscal year, of \$250,000, and I respectfully urge upon Congress this appropriation. I have directed the Secretary of the Treasury to submit an estimate of the same in the statutory method. The statement of the chairman of the Tariff Board, showing the necessity for the amount asked, is herewith submitted.

WM. H. TAFT.

THE WHITE HOUSE, *March 28, 1910.*

OFFICE OF THE TARIFF BOARD,
TREASURY BUILDING,
Washington, March 26, 1910.

The PRESIDENT:

In accordance with your instructions I have the honor to submit a statement regarding the needed appropriation for the Tariff Board for the year ending June 30, 1911.

In view of the fact that until the 31st of March the chief work of the board has been an investigation of foreign tariffs and regulations, in regard to the possible existence of undue discrimination against the products of the United States, the present appropriation of \$75,000 has been adequate for the work immediately in hand. For this work a large staff of experts has not been necessary. But a larger appropriation will be needed to carry on the investigation of trade conditions and costs of production in this country and abroad, intended both to make clear the character of the concessions granted by the minimum tariff of the United States, and of those granted in return by foreign countries, and also "to assist the officers of the Government in the administration of the customs laws."

The existing appropriation is merely adequate for the maintenance of the present force, including the salaries of the three members of the board, the statistician, the executive secretary, the reporter, three clerks and an assistant, the maintenance of office expenses, and all necessary traveling expenses in the case of investigations undertaken elsewhere by this force. To make such investigations, however, in any way satisfactory or complete it is essential that the board shall be able to secure the services of experts of the very first order and of long experience in the practical study of cost accounts in particular industries. The work of inexperienced or second-rate men would be worse than useless. In view of the demand for the services of such experts on the part of business concerns the success of this work on the part of the Tariff Board would depend upon its ability to offer sufficient remuneration to secure such persons for the government service.

It should be carefully noted that it is not proposed to have

a permanent staff of high-salaried persons, involving a permanent salary list; but rather to employ special experts for special investigations covering such a period, whether one month or six months, as may be necessary to the work. Owing to the fact that such employment would be only temporary, a higher relative rate would have to be paid than in the case of permanent tenure. The board should be enabled to secure the services of 20 experts on an average at any one time. One hundred thousand dollars would probably suffice for this item alone. In case this amount should not prove adequate the number of investigators would necessarily be reduced. The employment of such a force would involve, further, the necessity of having two highly trained experts in the field of cost accounting in the permanent service of the board, to direct and guide these investigations, and to handle the large mass of individual reports. This in turn would involve further clerk hire and rent for office. Such additional work would require, it is estimated, the sum of \$25,000. A further sum of at least \$50,000 would be needed for the traveling expenses of the expert agents employed and for special contingencies that might arise.

It is the opinion of the board, therefore, that there should be an appropriation of \$250,000, as follows:

Appropriation to cover all expenses of present force.....	\$75,000
Two permanent accounting experts, additional clerks, stenographers, and rent of offices.....	25,000
Special agents for expert investigations, traveling expenses for such agents, and contingent fund.....	150,000

We have tried to keep these estimates down to the lowest figure consistent with the securing of satisfactory results; and believe it desirable to proceed slowly in such investigations, in order that no public moneys shall be expended except for service of the highest order giving results of genuine value. If experience should prove that it is impossible to secure, during the year, enough men of the quality referred to, to warrant the utilization of this appropriation, the expenses would thereby be reduced. Under no circumstances would the board feel warranted in ex-

pending any part of the appropriation in the securing of material regarding the accuracy of which there could be any question.

Respectfully,

HENRY C. EMERY,
Chairman.

MANOEUVERING IN WASHINGTON.

The request of the President for an appropriation for the continuance of the work of the Tariff Board and the public interest aroused by the efforts of the National Tariff Commission Association to impress upon Congress the necessity of continuing on a business basis to secure correct information to assist Congress in the preparation of any Tariff Bills, led to a general discussion of the pros and cons of the measure which was more than frequently permeated with heated arguments. It was at this time and during the months of April and May that it began to be apparent to the members of Congress of both parties, that the business men of the country were earnestly endeavoring to obtain legislation, not only covering the appropriation asked for, but for the definite creation of a Tariff Commission as a government function.

Mr. Cobb, whose personal experiences in connection with this work while in Washington during six months have already been referred to, issued a statement at the request of his Board of Directors as to the then existing position of the Tariff Board and possibilities for its continuance. This statement is particularly interesting in the fact that it shows clearly the jeopardy of the existence of the Tariff Board, caused by the friction existing between the two factions of the Republican Party, which friction was used to the political advantage of the Democratic Party.

STATEMENT OF PRESIDENT COBB.

In my opinion conditions in Washington justify an earnest effort on the part of all who are interested in the establishment of a Tariff Commission to secure legislation at this session of Congress. Apparently fully ninety per cent of both houses and of both parties favor the principle. The subject has been fully discussed in and out of Congress for several years, and it seems

as if it ought not to be difficult for Congress to agree upon effective legislation.

The difficulties in the situation were clearly shown two weeks ago in the action of the House of Representatives on the provision in the Sundry Civil Bill introduced by Mr. Tawney. This provision as presented did not create a permanent Tariff Commission but it did very largely increase the powers of the present Tariff Board, and as a compromise measure would have been a long step ahead. The house eliminated practically everything from the provision which broadened the powers of the Tariff Board and left it a simple appropriation of \$250,000, for the purposes of the Payne Bill. This result was accomplished by the joint opposition of the Democrats, who pronounced it a makeshift measure, and a small but influential body of Republicans who bitterly opposed any action which might be considered even indirectly a criticism of the Payne Bill. In addition to these of course were the entirely insignificant number in each party who are opposed on principle to a Tariff Commission. Although the Democrats were freely accused of opposing it for party politics, their position was not logically assailable, as it could not be fairly claimed that the provision fully met the issue by creating a real permanent Tariff Commission.

The position of the Republicans was really less consistent as, although no one so far as I could find claimed that the Payne Bill is perfect, they seemed bound to continue among themselves an entirely unnecessary and probably fatal discussion, from a party standpoint, as to the merits of the Payne Bill.

The situation to-day is that the matter will shortly come up in the Senate for action, and there is a bill before the Ways and Means Committee of the House which can be used as the basis for further legislation there. The Republican party is in control of both branches of Congress and is in position "to make good" by giving us some progressive, constructive legislation.

The country believes that the Republican platform means a revision of the Tariff on the basis of reasonable and fair protection to our industries and labor with reductions in all cases of excessive protection and the elimination of all special privileges. This result, in the opinion of a very large proportion of the Republican voters, has not been fully accomplished by the Payne Bill, and the discussion as to whether the bill is three-quarters right and one-quarter wrong, or one-quarter right and three-quarters wrong, is not going to be very satisfying, especially as with no facts or figures in existence to prove the claims the discussion can only end in more discussion.

It is equally aside from the point to discuss whether or not the Payne Bill is the best that can be expected under the system of log-rolling and trading heretofore practiced in Tariff legislation. Certainly no bill passed by either party for a generation indicates that better can be expected. The investigations of our Association clearly show that the country wants Tariff questions carefully and scientifically investigated by an independent and permanent Board or Commission, and the results of their work presented to Congress as the basis for Tariff legislation.

If the present Congress which passed the Payne Bill will meet the issue fairly and enact legislation creating the necessary machinery to investigate and point out such inconsistencies and inequalities as exist in the Payne Bill, and if this is done, as it readily can be, in a manner to command the confidence of the voters that they will be corrected when found, the discord and dissension in the Republican party will be allayed.

If this is not done the Republican members of Congress will be left the difficult task of convincing their constituents that they have faithfully and consistently carried out the platform on which they were elected. And our efforts will have to be directed to supporting President Taft in his earnest effort to create an effective Tariff Board under legislative provisions entirely inadequate in their scope and temporary in their nature.

WHAT HAPPENED IN JUNE, 1910.

The press of the country on June 13, 1910, published the following:

June 13, 1910.

With a view to putting an end to further tariff agitation and to eliminating the tariff as an issue in the elections next Fall prominent business men, manufacturers and representatives of commercial associations will go to Washington this week to urge upon Congress the advisability of passing some satisfactory form of tariff commission legislation during the present session.

This meeting will be held under the auspices of the National Tariff Commission Association which was formed last year, shortly after the Tariff Commission convention held at Indianapolis. The purpose of this organization is to make a propaganda for the creation of a non-partisan commission, composed of men qualified to give consideration to this subject on scientific

and economic lines and recommend to Congress such revision of existing schedules as the findings might warrant.

A statement given out by the National Tariff Commission Association Saturday would indicate that there exists throughout the country a strong sentiment for taking the tariff question out of politics. The association itself represents trade and commercial organizations with a membership of 85,000, scattered throughout the country.

The present action was prompted by the debate scheduled for next week in the Senate over the \$250,000 appropriation for the investigation of the tariff. Members of the association who have responded to the call for the meeting at Washington have expressed their belief in letters that even though the money may be voted by Congress, the appropriation, as matters stand at present, will not be accompanied by the powers for the President, necessary to enable him to spend it in a manner that will bring about the best results.

John Candler Cobb, President of the Association, in a statement issued yesterday said in part:

"The country believes that the Republican platform means a revision of the tariff on the basis of reasonable and fair protection to our industries and labor with reductions in all cases of excessive protection and the elimination of all special privileges. This result, in the opinion of a very large proportion of the Republican voters, has not been fully accomplished by the Payne bill, and the discussion as to whether the bill is three-quarters right and one-quarter wrong, or one-quarter right and three-quarters wrong, is not going to be very satisfying, especially as with no facts or figures in existence to prove the claims the discussion can only end in more discussion.

"If the present Congress which passed the Payne bill will meet the issue fairly, and enact legislation creating the necessary machinery to investigate and point out such inconsistencies and inequalities as exist in the Payne bill, and if this is done, as it readily can be, in a manner to command the confidence of the voters that they will be corrected when found, the discord and dissension in the Republican Party will be allayed.

"If this is not done the Republican members of Congress will be left the difficult task of convincing their constituents that they have faithfully and consistently carried out the platform on which they were elected. And our efforts will have to be directed to supporting President Taft in his earnest effort to create an effective tariff board under legislative provisions entirely inadequate in their scope and temporary in their nature."

H. E. Miles, a manufacturer of Racine, Wis., who is Chairman of the Association's Executive Committee, in a statement which was made public Saturday declared that the disastrous effect on business from prolonged tariff agitation was shown during the tariff discussion last summer, when the loss to the country exceeded \$10,000,000 a day.

SUMMER OF 1910.

Congress adjourned June, 1910, and the spirit of unrest which had disturbed in a measure business conditions throughout the country was quieted by a knowledge that the work of the Tariff Board would be continued along lines which would make any radical changes in Tariff schedules very hurtful, but the seed of dissension between the two factions of the Republican party had been sown. The attitude of the Progressives had been clearly in favor of a Non-Partisan Tariff Commission which the regular wing of the Republicans would not countenance. The people not only recognized the divided party but many Republicans turned away with disgust and the Democrats seized the opportunity to profit by the defection thus caused.

In the meanwhile the Tariff Board was proceeding very effectively with its work and the National Tariff Commission Association lost no opportunity in spreading intelligent information throughout the country.

In the early autumn, 1910, a very interesting investigation was made to secure from all the states of the country the position taken by the two parties in their State platforms of the electoral campaign about to take place.

In view of the attitude at present writing of the Democratic administration, it is interesting to note what the results of this

investigation were, and no better evidence can be adduced in support of these statements than by giving in full the analysis of the platforms of two great political parties in regard to the inclusion of a "plank" relating to the creation of a Permanent Tariff Commission and to the cognate question of Tariff revision hereafter one schedule at a time; these planks analyzed to determine their bearing upon the following two questions, show the following results; viz.:

A. As to a permanent, independent, expert Tariff Commission or Board.

B. As to action on the tariff by Congress, in the future,—one schedule at a time.

ANALYSIS OF STATE PLATFORMS.

STATE	REP. CONVENTION	DEM. CONVENTION
Alabama	no mention	no mention
Arizona	no mention	no mention
Arkansas	strongly favorable as to "A"	no mention
California	strongly favorable as to "A"	favorable as to "A"
Colorado	strongly favorable as to "A" and "B"	no mention
Connecticut	strongly favorable as to "A" and "B"	no mention
Delaware	favorable as to "A"	no mention
Florida	no convention	no convention
Georgia	no convention	no mention
Idaho	no mention	no mention
Illinois	strongly favorable as to "A" and "B"	no mention
Indiana	strongly favorable as to "A" and "B"	no mention
Iowa	strongly favorable as to "A" and "B"	no mention
Kansas	strongly favorable as to "A" and "B"	no mention

STATE	REP. CONVENTION	DEM. CONVENTION
Kentucky	no mention	no convention
Louisiana	no platform	no platform
Maine	no mention	no mention
Maryland	strongly favorable as to "A" and "B"	no mention
Massachusetts	strongly favorable as to "A" and "B"	no mention
Michigan	strongly favorable as to "A" and "B"	no mention
Minnesota	strongly favorable as to "A" and "B"	denounced as subterfuge
Mississippi	no platform	no platform
Missouri	strongly favorable as to "A" and "B"	no mention
Montana	strongly favorable as to "A"	no mention
Nebraska	strongly favorable as to "A"	no mention
Nevada	favorable "A"	no mention
New Hampshire	strongly favorable as to "A" and "B"	no mention
New Jersey	strongly favorable as to "A"	no mention
New Mexico	no platform	no platform
New York	favorable as to "A" and "B"	no mention
No. Carolina	favorable as to "A"	no mention
North Dakota	favorable as to "A"	no mention
Ohio	favorable as to "A"	no mention
Oklahoma	no mention	no mention
Oregon	no mention	no mention
Pennsylvania	no mention	no mention
Rhode Island	favorable as to "A"	no mention
So. Carolina	no convention	no mention
South Dakota	strongly favorable as to "A" and "B"	denounced as subterfuge

STATE	REP. CONVENTION	DEM. CONVENTION
Tennessee	no mention	no mention
Texas	no mention	no mention
Utah	no mention	<i>favorable</i> as to "A"
Vermont	favorable as to "A"	no mention
Virginia	no platform	no platform
Washington	favorable as to "A"	no mention
West Virginia	no convention	no convention
Wisconsin	favorable as to "A" and "B"	denounced as subterfuge
Wyoming	no mention	no mention

RECAPITULATION.

REPUBLICAN	28	States endorsed the Tariff Commission principle.
	15	" endorsed revision by schedule.
	12	" no mention.
	8	" no convention.
	1	" no report.
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DEMOCRATIC	36	States no mention.
	2	" (California and Utah) endorsed the Tariff Commission principle.
	3	" (Minnesota, S. Dakota and Wisconsin) denounced as subterfuge.
	7	" no convention.
	2	" no report.

NUMBER OF REPUBLICAN MEMBERS of the present House of Representatives from States which endorsed the Tariff Commission Principle in their State Platforms.

California	8
Connecticut	4
Delaware	1
Illinois	19
Indiana	2

Iowa	10
Kansas	8
Maine	4
Maryland	3
Massachusetts	11
Michigan	12
Minnesota	8
Missouri	6
Montana	1
Nebraska	3
New Hampshire	2
New Jersey	7
New York	26
North Carolina	1
North Dakota	1
Ohio	13
Rhode Island	2
South Dakota	2
Vermont	2
Washington	3
Wisconsin	10
<hr/>	
Total	169

POSITION of the Republican members of the present United States Senate on the Tariff Commission question as indicated by their State Platforms.

46 committed by their State platforms.

16 no mention or no platform.

62 Total (Republicans).

Reviewing these figures, the President of the National Tariff Commission Association, Mr. John Candler Cobb, of Boston, comments as follows:

SUMMARY.

It may be fairly deduced from this exhibit that the Republican party has accepted the Tariff Commission principle and has recorded itself so strongly in favor of legislation developing the present Tariff Board into a permanent independent Tariff Commission that action at the coming short session of Congress may be reasonably expected and should be earnestly urged. It is interesting to note that of 219 Republican members of the present House of Representatives, 169 are from States which have declared in their platforms in favor of the Tariff Commission principle, and of 62 Republican members of the Senate, 46 are from States that have so declared.

The position of the Democratic party is clearly shown to be not in opposition to the principle of a Tariff Commission, as in a very large majority of State platforms no stand was taken, only five Democratic platforms having any mention, two being favorable and three attacking not so much the principle of a Tariff Commission as the method of treatment of the question by the Republican party as being a subterfuge. The position of the Democratic party throughout the country is apparently much the same as that taken by many leading Democrats to our Committee in Washington last spring, that they believed in the principle of a Tariff Commission but did not have faith that the Republican party would wisely and consistently carry it out. Our own membership, made up as it is of Republicans and Democrats in all parts of the country, would seem to indicate that partisanship has no place in the discussion of the question.

An analysis of the Republican platforms geographically is interesting as showing that every State in the Middle West declared favorably, all but two of the Eastern States and most of the Western States, while much apathy was shown on the question in the Southern States. And most significant of all is the fact that one of the most heated and closely contested campaigns we have had for many years, in which the general tariff question has been a dominant issue, has been fought this fall without developing in either party or in any section of the country an attack upon the principle of a permanent, independent Tariff Commission.

As indicative of the character and intent of some of the "planks" above referred to, the following may be quoted:

*TARIFF PLANK IN THE PLATFORM ADOPTED
BY THE REPUBLICAN CONVENTION OF
MASSACHUSETTS, 1910.*

We recommend the establishment of the Tariff Board. We approve of the construction which President Taft has placed upon its powers and duties. We believe, however, that there should be further legislation to define clearly the powers and duties of such board and make it a permanent, independent, expert Tariff Commission, the function of which shall be to discover and report to Congress from time to time such facts and statistics as will enable Congress to amend the tariff law intelligently and scientifically according to the principle of protection.

We believe that such changes should be made in the rules of the House of Representatives and of the Senate of the United States as may be necessary to make practicable the amendment of the tariff, one schedule at a time.

We believe that permanency in our tariff law is of great importance to our business interests and to the workingmen who depend upon such interests for steady employment. No tariff rate should be changed until the necessity for such change is demonstrated. When, however, the Commission reports facts which show the tariff to be wrong in any particular, we believe that Congress should, after a proper hearing, amend the tariff in that particular.



THE TARIFF BOARD (FIVE MEMBERS)

SECOND EDITION OF THE “NEUTRAL LINE”

*Henry R. Towne's Introduction to a Necessary Second Edition
of this Valuable Paper Published in December, 1910
Reads as Follows*

WHILE the argument offered in the “Neutral Line” is believed to be as inherently sound to-day as ever, the situation to which it relates has changed greatly since it was presented at the Indianapolis Convention of February, 1909.

Then, the proposition that a permanent, non-partisan Tariff Commission should be made a part of the regular machinery of the Federal Government was new to most, and startling to many, of our citizens; to-day it is understood by nearly all of them, and is favored by a decisive majority of those who understand it. Then it was opposed or ignored by politicians, and by most members of both Houses of Congress; to-day it is perhaps the most actively discussed measure of pending legislation before the country. Then it was merely a theory, which its advocates sought to transform into a reality; to-day it is a reality, partially complete, in the form of the existing “Tariff Board” created by President Taft, under the authority given to him by a clause in the Payne-Aldrich Tariff Bill of August, 1909. For the progress thus made, and for the enlightenment of the public understanding which produced it, credit must be given in large part to the National Tariff Commission Association, which was brought into existence by the Indianapolis Convention. It is hoped that the work so begun and so carried on may be brought to a successful conclusion during the present session of Congress, and there is much encouragement for believing that this hope may be realized.

THE WORK OF THE TARIFF BOARD.

This history of the Tariff Commission movement would not be complete if it did not contain the report so carefully prepared by Prof. Emery, which shows conclusively that the methods employed by them to arrive at correct information to collect and collate facts pertinent to Tariff matters are the true methods to be employed by this country, before any Tariff revision is made. Professor Emery delivered the following address before the Association of Commerce of Chicago on December 3rd, 1910, and while there may be some repetition of information which already appears in previous chapters, the address would not be convincing without producing it verbatim.

Professor Emery's speech was as follows:

THE TARIFF BOARD AND ITS WORK.

MR. PRESIDENT AND GENTLEMEN:

I have many serious and, I fear, dry matters to discuss to-night. Therefore I shall not use any time to express at length the pleasure which the Tariff Board takes in being here. It is an honor to present a statement of its methods and work and its hopes for the future to so distinguished and representative a body of business men. I shall try to give you in the most direct and simple manner a brief account of what the Tariff Board has done; what the nature of its inquiry is; what results it believes can be obtained; and what things it considers impossible of attainment. Also I shall consider the question of what methods of investigation and what powers of inquiry are best suited to achieve the really important results.

The appointment of the Tariff Board was under authority of section 2 of the tariff act of August 5, 1909. This section was the one providing for a maximum and minimum tariff, and giving to the President the power to issue a proclamation any time before March 31, 1910, granting to any country the privileges of our minimum tariff when he should be satisfied that such country did not discriminate against the United States or its products. This section contained the words:

To secure information to assist the President in the discharge of the duties imposed upon him by this section, and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required.

We, and those who are employed with us, are "such persons."

The board was appointed in September, 1909, and held its first meeting on the 24th of that month. It had already been a subject of debate as to what authority the board had under this section to make investigations into the effect of our home tariff and the cost of production at home and abroad. This question, however, did not concern us at the outset, as we were directed to cooperate with the Department of State both in investigating the question of discrimination on the part of foreign countries and in the arduous negotiations which followed, aiming at the removal of such discriminations where they existed. This work required the whole time of the Tariff Board and its assistants until the 1st of April, by which time, fortunately, proclamations had been issued in favor of all countries, and all threatened tariff wars were averted.

In April, then, the board began to consider for the first time in detail the matter of investigations into the industrial effects of our own tariff. The problem was an entirely new one in this country. Much had been said about the more careful and deliberate methods of tariff making in foreign countries, and the elaborate investigations on which such legislation is based. It early appeared necessary to study these methods on the ground before making too elaborate preparations for our investigation here, which might later have to be abandoned in the light of wider experience. For this purpose I left early in May to study methods in Europe, especially in Germany and Austria-Hungary. During my absence a new appropriation for the Tariff Board was passed. It should be remembered that we were unable to put a large force at work during the intervening months, as the uncertainty of continued appropriation made it impossible for us to enter into contracts for extended service. It will appear, then, that the work of the board, so far as the investigation of our own

tariff is concerned, has covered, not a period of fifteen months as sometimes stated, but a period of only five months. The new appropriation was passed June 25, and specified:

To enable the President to secure information to assist him in the discharge of the duties imposed upon him by section two of the act * * * and the officers of the Government in administering the customs laws, including such investigations of the cost of production of commodities, covering cost of material, fabrication, and every other element of such cost of production, as are authorized by said act, and including the employment of such persons as may be required for those purposes; and to enable him to do any and all things in connection therewith authorized by law, two hundred and fifty thousand dollars.

After the passage of the appropriation Mr. Reynolds went abroad to ascertain how far we could secure needed information from American consuls and European business men as to foreign manufacturing, cost, method, and conditions. He visited many manufacturing centers of France, Italy, Switzerland, Germany, and Great Britain. The statistician of the Board also spent several weeks in Europe in an investigation as to how far we can secure production figures from any statistical authorities or sources.

The result of this work abroad is full information as to the methods employed in tariff making by other governments and what lines of investigation of foreign conditions are most effective. We have established a direct line of communication and cooperation between the Board and European industrial centers. We have learned much as to what information is obtainable, where it is, and who will give it to us. And, what is equally important, we know where it will be useless either to ask or to search.

We realized that one of the most important things for us to know is: "how not to do it;" that is, to know what information it is impossible to secure and what efforts would prove barren of results. This applies to our work in all its phases, and it has seemed better to us to move with caution rather than to be hurried into elaborate and extended investigations which would prove of no value. We are making no apologies, but we do feel that it

is fair to ask for patience on the part of those interested in our work, in view of the fact that we have been obliged to build a road through an untraveled territory strewn with difficulties and beset with pitfalls. We felt that it was the part of all wise builders first to survey the road before trying to make the dirt fly indiscriminately.

Our work is divided into three main groups:

First. We intend to secure as to each article in the tariff concise information, some of which is easily available and can be quickly tabulated, regarding the nature of the article, the chief sources of supply at home and abroad, the methods of its production, its chief uses, statistics of production, imports and exports, with an estimate of the ad valorem equivalent for all specific duties. This is what the President meant by "translating the tariff into English." We consider this work of great importance, even if we were to go no further. To use the President's phrase again, we shall prepare for publication a "glossary of the tariff," article by article. By consulting this glossary anyone who now reads a complicated schedule without understanding at all what it means will be able to learn the leading technical and commercial facts regarding the article, put in simple language. He will be able to know how the home production compares with that abroad and what is the actual duty, expressed in ad valorem terms. This work is now well under way.

Second. We are making an inquiry into actual costs of production. The practical limits of such an inquiry, and the difficulties with which it is surrounded, will be referred to later on.

Third. We are employing men of experience from particular lines of industry, both on the technical and the commercial side, to secure accurate information regarding actual prices at home and abroad, the peculiar local conditions affecting any particular industry, and the general conditions of home and foreign competition to which it is subject.

The first part of the work is in the hands of an office force made up of men trained to statistical and economic investigations, assisted by technical experts in different lines of industry.

The second part is being carried out by trained men in the field following the detailed schedules and instructions made up by the board and its technical advisers, who go directly to the different centers of industry and work directly on the books of manufacturing plants.

For the third class of work we have been able in certain cases to secure the regular services of a few men of experience, but in the main are utilizing men of this class simply occasionally for specific information on particular conditions which can not be secured in any other way.

All this material is being obtained under the direct guidance of the board, assisted by trained economists familiar with the handling of material of this nature.

There has been much misunderstanding about hearings before the board, and many manufacturers have wondered how we can be investigating their schedules without consulting them. The answer is that we consider it waste of time for all parties concerned to have them appear before us until we have made a careful preliminary study of the industry. In the main, either we ourselves, or our representatives, go into the field and study the situation on the ground. For this we are sometimes accused of being secretive and underhand. This is not the case at all. Before reaching definite conclusions we shall welcome the testimony of interested parties, whether producers, importers, merchants, or consumers, who will be given full opportunity to criticize, amend, or disapprove. We hope to maintain a perfectly open mind, and always to be able to recognize facts. Facts are what we are after, and the only influence that can be brought to bear on us is the influence of facts.

After this outline of our program you can appreciate the necessity we are under of concentrating our chief efforts at first on a few main lines. Naturally everyone who has some personal grievance thinks his particular schedule is the one that needs immediate revision, while we have had a vast amount of earnest and public-spirited, but utterly conflicting, advice as to what we ought to take up first and exactly when we ought to have the work completed. Whether wisely or unwisely we decided to concen-

trate, for the moment, on Schedule M (pulp and paper), Schedule K (wool and woolens), and Schedule G (farm products). Preliminary work is being done on Schedule A (chemicals), Schedule C (metals and manufacturers of), and Schedule I (cottons). And the more detailed work on these will be begun as soon as possible. The time and effort involved in such inquiries I will explain later on. Furthermore, we are obtaining many special reports from technical experts, both at home and abroad, covering a wide range of articles in other schedules, which will later form the basis for more detailed investigations.

At the moment, besides the members of the board, the statistician, and the strictly administrative force, we have four chiefs of investigation, eight trained investigators employed on the first part of the work and about an equal number of clerks to assist them, about a dozen consulting or technical experts devoting a part of their time to the third part of the work or to reports on special topics, and twelve men in the field getting actual cost figures from the books of individual producers.

Before going further, I wish to appeal to you to keep a sane sense of proportion in regard to the work of the Tariff Board. Unfortunately, there has been great exaggeration on both sides as to the influence for good or for evil of tariffs themselves, of tariff makers and of tariff investigators. There are those who think that the only cause of human welfare is a protective tariff, and there are those who think that protection is the chief cause of human misery. There are consumers who think that some iniquitous tariff is responsible for every rise in prices, and there are producers who think that some equally iniquitous tariff is the cause of every fall. In the same way, there are those who seem to think that a careful and impartial investigation into the working of the tariff will prove the death knell of American prosperity; while others think that this so-called "new method of tariff making" will remove all the evils of society, and that, when it is once established, all those who now find their income inadequate to meet their expenditures will be freed from the duns of creditors, and will have solved the age-long problem of how to make both ends meet.

We had supposed that we were called to the modest, even if difficult, task of accumulating information for the officers of the Government, and we are somewhat aghast to find that in some quarters there is being attributed to us an alchemistic power for good or evil. Many economic theorists have attempted to find the philosopher's stone by means of which prices could be made high for all those who wish them high and low for all those who wish them low. It would be a fine thing if the farmer could always get \$2 a bushel for his wheat and the workingman pay only \$1 a barrel for his flour. It would be a fine thing if the manufacturer could always get \$5 per yard for woolen cloth and the tailor could put $3\frac{1}{2}$ yards of it into a suit of all-wool clothes and sell it for \$5 with a handsome profit. Strangely enough, some people seem to suppose that such things are possible by government action, and to be inclined to hold any government responsible which does not accomplish it. It is because of these exaggerations that we earnestly beg every intelligent man to take a reasonable view as to what any tariff board or tariff commission can do or can not do. If it were possible for this Tariff Board to

Change this sorry scheme of things entire,

to rip away the props of the prosperity which now exists, or to make prosperity universal in all homes, it were high time that the President or Congress should call us off and say—

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To humbler functions, Awful Power, I call thee.

I do not wish, gentlemen, to treat this question in any spirit of levity. I do hope, however, that false hopes and false fears may be eliminated from its discussion.

However difficult the work intrusted to such a body as ours will prove, the principle itself is a very simple one. It is merely a question of whether or not, under our old methods, provision was made by the Government for an adequate inquiry into the nature of tariff legislation and the industrial effect of each schedule. Many people think that this was done and that there is no need for any change. It seems, however, to be a growing

opinion that a new agency should be provided by the Government, which shall conduct a continuous inquiry of an impartial and non-partisan character regarding those very important matters. For even if the effect of the tariff for either good or evil has been greatly exaggerated, no one would question its great importance to American industrial life.

Careful and important inquiries have been made by private initiative into these questions in many individual cases. Is there anything startling or revolutionary in the demand that the whole field shall be covered by some impartial agency of the Government?

Disregarding for the moment all other branches of the government, look at it from the point of view of the President. It is his duty both to approve all tariff acts before they become law and also, when he sees fit, to recommend to Congress changes in the existing laws. Under the old methods was there any source to which he could at all times turn for reliable, prompt, and up-to-date information on these matters? Has he not a right to have such information provided? Is it not a reasonable request that he should ask to have a body established which can furnish him information based on facts—not opinions—free from any special industrial influence and unbiased by party prejudice?

One thing, however, is perfectly true—that although there is nothing startling in the principle of having a careful investigation into the industrial effects of the tariff, so thorough an inquiry as we are now attempting to carry out is somewhat unprecedented in this or in any other country. Consequently many questions have doubtless already arisen in your minds regarding such a program. I fancy I can anticipate some of them. For example:

1. Is all this information necessary?
2. What will it amount to?
3. Can you get it?
4. What can you do with it?

Let us take these questions up in order. First: "Is all this information necessary?"

Many people believe that our investigation is planned on alto-

gether too elaborate a scale, and that such a body as the Tariff Board can find out all that is necessary about tariff conditions by much simpler methods. This is a criticism which should be fairly considered.

In no country of Europe, for example, has the method of investigation of industrial conditions as affected by the tariff included such extended examination of costs of production by trained experts in the government employ as is contemplated by the Tariff Board. Such special statistical work as has been done abroad in connection with tariff investigations has been rather in the way of an industrial census similar in character to the census of manufactures undertaken by our Census Bureau. Neither the Government, nor any special board or commission cooperating with it, has employed a staff of accountants or industrial experts to examine the books of manufacturing concerns and make independent reports. The method has rather been in the nature of frequent and friendly conferences with all the parties interested, while the interests of the consumer have been represented by the government officials themselves. These conferences are on the whole of an informal nature. That is, there is no formal governmental body which holds appointed hearings, and there is no publication of the testimony given. The officials concerned confer informally with the different parties interested, sometimes at their offices and sometimes by means of personal visits at different manufacturing plants.

An interesting comparison can be made between the conferences held by the tariff officers of these governments and the hearings before the Ways and Means Committee of the American House of Representatives. They are similar in that the aim is to hear all interested parties and to come to a conclusion as a result of the conflicting testimony.

There are, however, important differences in the two methods. In the first place, the government officials in these two countries are not legislators concerned with many other affairs, but are trained experts of permanent tenure, who devote themselves solely to this question and have years of experience behind them. Second, they are free both from the pressure of local business

interests and from any political bias. They do not have to consider the effect of their conclusions either upon their own tenure of office or upon the success of any particular party. Third, the hearings are not crowded into a space of a few months, so that an overworked committee is not swamped with material which it can not fully comprehend. The work goes on, day in and day out, over a period of years, and is conducted continuously by the same men who have received and carefully considered every complaint regarding the tariff which has been made from any source during the whole time of its operation.

In some cases the expert governmental officials in the ministries have been materially assisted by certain official or semi-official bodies, but none of these have performed the services which have been expected of a tariff board or a tariff commission in this country. In Germany, for instance, there is a large committee which, in the preparation of the last tariff was very active at a certain stage of the proceedings, and this is sometimes referred to in this country as the German Tariff Commission. This body, however, which numbered thirty-six, was primarily an advisory body, made up of the great leaders in the industrial world. Its members were men of large affairs, working simply on a trifling per diem and devoting most of their time to their own personal business. Their assistance to the Government was undoubtedly great, but this assistance was due to their long experience as business men and their consequent competence for taking testimony, rather than from any special investigation which they undertook.

In the same way, in Austria, the Government has received much assistance from a committee of the associated chambers of commerce which has attempted to straighten out beforehand the conflicting demands of the producing interests and present to the Government a scheme which was already supported by the business world. This body, however, represents primarily the producing interests, and is in no sense the determining factor in tariff making. In both of these countries the real responsibility for understanding the nature of the tariff and its workings is placed in the hands of the officials of the different ministries, as already described.

The situation here, however, is very different from that in countries like Germany and Austria. Such investigations are necessarily a part of the work of a tariff board in this country. The chief reason for this may be roughly expressed in the phrase "making up for lost time." If there were any board or group of government officials in existence who had devoted themselves solely to the question of the industrial effects of the tariff for a period of twenty years, as is the case in Germany and Austria, such investigations would probably not be necessary. Such officials would already be sufficiently familiar in a personal and practical way with the facts regarding costs and competition in the different industries to be able to report or advise. No such body exists in the United States, and the effort promptly to put the question of revision on a sound basis, therefore, involves a much more extensive labor of investigation than would otherwise be necessary.

The second question is, What does it amount to? That is, assuming that we have this information, including even details regarding costs of production, will it afford the real basis for a judgment regarding tariff rates?

Frankly, we do not believe that a mere statistical knowledge of comparative costs of production is an all-sufficient basis for a tariff judgment. In fact, we wish to emphasize most strongly our position that the tariff problem is not a mere statistical problem. It is important that we do not delude ourselves or the public with the idea that the greater the mass of figures accumulated the greater the knowledge derived. We must limit our work in such a way as to avoid two grave dangers: First, that the board would be so swamped by a mass of material that even if it were greatly enlarged it could not handle the matter intelligently; second, that the board would be forced to trust merely to tabulations and averages in mathematical form. This latter danger promises to become the crux of the whole situation. There are those who seem to think that by getting a sufficient mass of figures and putting them through the adding machine the result will be some magical figure which represents an ideally just rate of duty for any specific article. Please do not think for one moment that we

share this view. Despite the need for a large amount of statistical material and special technical reports, there can be no satisfactory results secured unless the officers of the Government intrusted with such investigations can supplement these materials by the application of common sense and practical business judgment. They must know the conditions of competition in each industry, they must be familiar with local conditions through study on the ground so far as possible, and they must analyze sympathetically, and yet critically, the claims of each interested party. They must recognize that the question of prices sometimes proves more fundamental than the question of costs. The tariff question is one of business and not of mathematics. The problem of how far an industry needs protection to keep it in sound existence, or what the effect of its decay would be, can not be settled by any algebraic formula.

Granting all this, however, the fact remains that a sound tariff judgment can not be formed without detailed statistical knowledge. In the case of standardized products the facts regarding costs of production are of imperative importance, and we propose to get them. Without judgment, statistics are useless; without statistics, judgment is unreliable.

Doubtless, however, after the experience gained in detailed investigations in the case of leading articles, adequate information can be secured regarding a great mass of minor commodities by a simpler and shorter process. The first investigations will serve as a standard of what ideally should be known, so that in the case of other articles the board will not be deluded by superficial information.

It must also be remembered in considering the question of what this information will amount to, that tariff rates are in any case only rough approximations. Even if mathematical accuracy can not be obtained, we are convinced that such information as we are securing, when considered by reasonable men and checked by the knowledge of those who have followed an industry for a lifetime, will furnish a body of knowledge on which tariffs can be made which will have the full confidence of fair-minded men.

We now come to the third question, namely, Whether the

board can secure this information, which we have already attempted to show is both necessary and significant.

This really involves two questions: First, whether such information can be secured, assuming the fullest powers on the part of the board and the most complete cooperation on the part of the manufacturers; secondly, assuming that such information is available, whether such a board has sufficient power to secure it.

Under the first head the crux of the question comes in the matter of getting costs of production. Obviously, what we call the glossary part of our inquiry, as already described, can be easily carried out, and in the matter of getting prices and competitive conditions we are sure that adequate information is available. It is unfortunate that so much emphasis has been laid on the question of getting relative costs, since many people have assumed this to be both an easy task and a complete solution of the question. Any practical man knows that both these assumptions are faulty. One of the most difficult problems which a manufacturer has to solve in his own business is to determine the cost of any individual article which he produces. In fact, it would not be unreasonable for a manufacturer to respond to a request from such a body as ours for his costs of production: "I would give them to you if I could get them, and I am willing to pay you a good sum if you will find them out for me." We were puzzled at the very outset by the question "What do we mean by cost of production? Exactly what items are to be included? According to what definite principle are all general items to be prorated for a given product?" In fact, much of our time was devoted to working out a careful scheme of cost accounting which would be of such a character that it could be adapted to the peculiarities of each industry without departing from a general, uniform plan. Weeks of arduous labor were required to work out details of cost sheets. Despite the delay involved, we thought this essential. If we were simply to take the estimates of the manufacturers, without further inquiry, we could never be sure that the returns were in any way comparable, since every manufacturer might have a different idea as to what constitutes

cost. It was essential for us to determine exactly what costs we were after, and that made it necessary for us to work out comprehensive schedules of our own in order to be sure that we were getting figures which could actually be compared. Any of you gentlemen who have worked over the problem of costs in your own factories will realize what an enormous undertaking it is to get really reliable data in many industries. We are glad to be able to report that this work has proved successful thus far in actual practice, tested by the methods of cost keeping in progressive plants.

Of course, in a great many instances it will be utterly impossible to apply such methods, and we have to determine clearly just how far we can go in each case and how significant the results are. It is doubtless a hopeless task to attempt to get the comparative cost of production in different parts of the world of a quart of milk or a dozen eggs. It would doubtless prove a needless task, if not impossible, to get comparative cost of farm products in general. In the same way there are many manufactured articles of such a unique quality that no comparison can be made between the products of different mills. On the other hand, there are many standardized articles where perfectly definite results can be secured. It certainly is possible to determine the cost of turning pig iron into steel rails or of turning a given quantity of pulp wood at the mills into news print paper. Although it may prove impossible to secure the actual cost of production of many fancy textile fabrics, there are certain definite processes which can be studied from the cost point of view, and there are various kinds of cloth which, though not standard in the strict sense of the term, are yet near enough to it for all tariff purposes.

One thing we wish to make perfectly plain, and that is that we intend to deal with actual costs and not with hypothetical or average costs. For our own purposes we believe that averages are not only of little value, but may prove dangerously misleading. Every practical man knows that costs vary not only from factory to factory, but from month to month in the same factory. We are sometimes asked, "Which cost will you take, the

highest or the lowest; the January cost or the July cost?" The answer is that we shall not select any one, but shall carefully consider all, attempting to give to each its due significance. It is exactly here that it becomes necessary to apply good sense to figures. We can never work out a figure in dollars and cents and say, "This is the cost of production." But from all the figures we can get a knowledge of cost conditions which will be both comprehensive and practical.

We are convinced, then, that in many lines such information can be secured, and that it will be of the greatest value, not only in itself, but as a basis for estimates of cost in the case of articles of such character that actual cost can not be determined. Of course further complexities arise as to what these costs signify when they have been secured. For instance, assuming that we have secured the actual cost of converting a certain quantity of spruce wood into news print paper at the mill, we still have, so far as the question of the tariff is concerned, the fundamental questions of the price of wood, stumpage values, and water-power conditions here and abroad. This is simply a sample of the complexities that are likely to arise in any case.

If the difficulties of getting accurate cost figures from the home manufacturer are great, even with the most friendly co-operation on his part, it is obvious that the difficulty of getting costs of production abroad based on absolute figures is much greater. I am sure you will appreciate the necessity for speaking with caution on this theme. I hope that nobody has assumed that the members of the Tariff Board were ever foolish enough to think that all foreign manufacturers were going to be eager to open their books to our inspection. We already know, however, some foreign manufacturers who will give us this information in detail. In any case, a great deal may be learned. We are sure that in many lines at least we can get at labor cost through a study of wages and labor efficiency, and it ought not to be a serious difficulty to get at the relative price of material. Without going into details, we may say that there are other channels of information which can be opened up and other lines of material that are already available. In any case the inability to get detailed

costs abroad from the books will not be a fatal obstacle to our work. After all, the problem is simply a problem of the character of foreign competition in the American market, and if in many cases we must content ourselves with comparing the home cost with the selling price of the foreign product, c.i.f. New York, we shall know the really material factor in the situation.

In reply, then, to the question, Can we get it? we say that we cannot get everything expected by the most optimistic, but we assert with confidence that we can get all that is necessary to form a basis for an intelligent judgment on the tariff, since tariff rates are in any case not settled by any mathematical niceties, but are merely rough business approximations.

The second part of this question is whether the board is clothed with sufficient powers to get this information where it is actually available. At the present time, as you well understand, the board has no compulsory powers whatsoever.

It has been suggested that it should be given power to call for the books of business concerns and to summon witnesses and examine them under oath. These are important powers which should not be lightly invoked, nor the question of granting them be lightly dismissed. It is possible that experience will prove that such powers are necessary to an adequate inquiry. On the other hand, it should be remembered that the investigations of the board are in the nature of a scientific inquiry by the members of the board or by trained experts in its employ, who study the conditions directly at the various places of production. The main part of the work is of this character, and not the holding of formal hearings or the formal taking of testimony. After expert investigations have been made, however, ample opportunity will of course be given to all interested parties to present their own side of the case in hearings before the board, if they so desire. For investigations of this kind it does not yet appear that legal authority to conduct examinations under oath or to call for books is necessary.

My conclusion in this matter was strongly confirmed by personal study of the situation abroad last summer. I became convinced that the knowledge which the tariff officials abroad

had acquired through their long study and investigation was an adequate basis for intelligent tariff legislation, and yet they are not clothed with these powers at all.

Furthermore, it is the general opinion of such officers that these powers are not necessary, and that the whole truth can be much better ascertained through careful personal study in co-operation with fair-minded and public-spirited business men than by the exercise of legal powers of a coercive nature. Testimony given under coercion, though it may be accurate so far as it goes, is too likely to become unwilling and half-hearted. There is much human nature in Falstaff's reply to Prince Hal: "Give reasons under compulsion? Were reasons as plenty as blackberries, I would give no man a reason under compulsion." In most cases more complete and illuminating information can be secured by different methods. Furthermore, much of the information received must be held as confidential by the board, so far as details of private business are concerned, and much confidential information can be secured by personal and informal conferences which could not be obtained by the examination of witnesses under oath. It should be remembered that these inquiries will be made by men sufficiently familiar with the technical processes and the general situation in each industry to know exactly what information is important for their own uses, and that they will cover not only a large number of competitors in each field, but also all the conflicting interests from the producer of the raw material to the purchaser of the finished product.

Under these circumstances it is not likely that the board would be imposed upon by misleading information, as this would be challenged by the conflicting testimony of some other party or interest. The board wishes to be as frank and open as possible in all its relations with business men, and hopes for the same treatment from them in return. On the part of fair-minded men there should be no occasion for hostility or suspicion on either side. The board is happy to report that in its experience so far it is encouraged to believe that adequate and accurate information can be secured by such cooperative methods.

The board believes it can protect itself against any false pro-

fessions of friendship and check up any intentionally misleading statements through the counter-testimony of others. It should also be remembered that the board will always have the best expert assistance which it can secure, and that any persons appearing before the board will be subject to cross-examination by an examiner wholly acquainted with the details of the industry.

When the men who are not fair-minded attempt to mislead by false information, or to make assertions which they are not willing to substantiate from their own books, they arouse at once a suspicion which is hurtful to their own interests.

After all, if work similar to that of the Tariff Board is to be made a permanent feature of our government activity, the question of powers necessary for such investigation depends largely on the principle we adopt as to the burden of proof in tariff matters. If we are to adopt the principle that the producer is to receive whatever degree of protection he wishes, and that the burden of proof is on the consumer to show that this is too high, the difficulties of such an inquiry will be greatly increased. If, however, the principle should be firmly established that a protective tariff, however necessary or desirable, is none the less a favor, and that the burden of proof rests upon the producer to show cause why such protection should be granted, the matter of power becomes relatively unimportant. Before an impartial body which has ample time to consider his demands he cannot show such cause unless he is ready to present for their confidential consideration the true facts and figures in the case.

These conclusions are of course as yet tentative. Their soundness hangs largely upon the attitude adopted toward these inquiries by business men themselves. If the board is wrong in its opinion that the necessary information can be secured without the exercise of coercive powers it will be prompt in acknowledging its error.

The fourth and last question which I assumed you to ask was, What can we do with it? Assuming this information to have been collected and properly digested, would it be of any service to the Government, or be made use of as a basis for legislation?

In the first place, the most ardent defender of the present tariff must appreciate that there have crept into it not a few inconsistencies never really intended by the committees which framed it. And this has been true of all our tariff acts. These have been simply the result of haste in the midst of a multitude of details. All business men know that there are classifications out of date and not in accord with the existing state of the industry.

It is obvious then that entirely regardless of the question of the amount of protection to be given, or the general policy regarding any particular schedule, such inconsistencies and excrescences might be greatly reduced through such a method of inquiry, and personally we are inclined to believe that the study of these questions will prove that the matter of classification is often of as great, if not greater, importance than that of rates.

But you will ask, apart from questions of this kind, Will the findings of such a board really be utilized on the more fundamental questions as a basis of legislation?

On this point the position of the board will be entirely different from that of the officials of foreign governments dealing with similar problems. Under the parliamentary procedure of most European countries all important measures are first carefully prepared by the ministers and submitted as administration measures to the popular house. This means, of course, that the preliminary work is done by the permanent expert officials of the departments concerned, and that it therefore ultimately becomes their duty to frame the tariff acts. Furthermore, the general tariffs are, in the case of many countries, not intended to go into practical force, but to serve merely as a basis for the making of commercial treaties with other countries. For this reason the part played by the Administration is much more important and the detailed discussion on the floor of the house of much less significance.

This is so contrary to the practice under our own form of government that the European example fails to afford any profitable comparison. No one having respect for American constitutional requirements or historical precedents would venture to

suggest the delegation to any board or commission of any legislative power in the matter of revenue legislation.

At this point we venture to make the general suggestion that in the consideration of so important an innovation as the one here contemplated the danger of being deluded by easy catch phrases should be constantly borne in mind. It is not uncommon to hear statements to the effect that the tariff question should have a "scientific solution" or that the tariff should be made "purely a business question" and "be taken out of politics." Such statements are serviceable when their meaning is really understood, but they are too often misleading. It is true that in the collection of facts for any purpose the scientific method is of the utmost value, but in dealing with the tariff problem absolute scientific accuracy is impossible, and a scientific solution of the tariff question in the sense of a permanent and perfectly just tariff, suitable to all times and to all industrial conditions, is obviously a dream.

It is also true that the question is a business question, in that it should be settled for the best economic interests of the country, and should be "taken out of politics," in the sense that schedules should be adopted or rejected with a view to their effect on these economic interests, and not with a view to some political advantage in the play of party interests. On the other hand, the tariff is much more than a business question. It involves to-day, as it has involved through centuries in the past, a great problem of economic policy, regarding which there have always been and always will be differences of opinion. Even if accurate facts be established which receive the assent of every voter in the United States, there would still remain a fundamental divergence of view as to whether on the basis of these facts the industries of the country should be accorded no protection, moderate protection, or high protection. This is a fundamental problem, which must be settled by the popular will as expressed through its chosen representatives; and in this sense the tariff is inevitably one of the great problems of political contention.

This is no peculiarity of the United States. The more careful and thorough study of facts on which the tariff legislation of

many European countries is based does not, and cannot, eliminate the play of political forces based on divergent theories of economic policy. That in some countries the tariff problem plays a less important part in parliamentary discussion, is largely due to the fact that the known demands of certain political parties are recognized beforehand by the administration, and the bill presented to parliament is framed to meet these demands in advance.

Recognizing these facts, we come then to the question as to whether or not the findings of the board will receive recognition on the part of the law-making body either with or without specific legislation requiring it to make regular reports of its findings to Congress.

The Tariff Board has faith in the power of unbiased and unsuppressed truth to make itself effective. Those who are skeptical of this result forget that where certain interests are concerned to suppress the truth, other interests—whether from business or political motives—will be equally eager to give it the fullest publicity. When it is known that a disinterested body is in the possession of accurate knowledge, and is continually keeping up-to-date by further study, this knowledge is sure to be utilized in connection with any proposed tariff legislation.

The rôle of such a board will be to act not as legislator, nor as advocate, nor yet as judge. It will be closer to the function of a commissioner or referee appointed by the court to make a report on the findings of fact. On these findings judgments may be rendered or policies determined by the properly constituted authorities. It ought to be plain that whatever policy the people choose to follow, or whatever party they support, the impartial finding of facts is equally important in any case.

It will be seen, then, that the present weakness of such a board lies not so much in the extent of its powers as in the uncertainty as to the perpetuation of such powers in the future. As long as the board has the friendly and unprejudiced support of the administration, the very indefiniteness of its powers is an element of strength, provided it is able to win and hold the confidence of the public in its integrity and efficiency.

Obviously, however, all this would be changed should such a

board ever be forced to perform its functions under a President not in sympathy with its efforts. With each day of additional experience the conviction of the board becomes deeper that the chief value for the future of this new experiment lies not in any report on any particular tariff act, but in the permanent continuance of an unbiased study of industrial conditions from year to year. A report of formidable dimensions might in time be prepared on the entire existing tariff in relation to the industrial conditions at the time of its passage, but this would be rather of academic or historical interest than of practical service, and would be so soon out of date as probably to go the way of many ineffective commission reports in the past.

It has already been said that because of the absence of such information in the past, much more careful investigations must now be made than would otherwise be necessary, and detailed reports published on the basis of these investigations. If, however, any permanent results are to be secured, those investigations must serve simply as the foundation for a continuous study of industrial changes year in and year out.

We believe that such a body will render service of great value both to the executive and the legislative branches of the Government. It matters little whether it is called a bureau, a board, or a commission. It is, however, of the utmost importance that it should be established on a permanent basis; that its members be appointed solely for their capacity efficiently to deal with economic questions of this nature without bias of any kind; and that its duties and powers should ultimately be defined by law in such a way as to make them independent of the good will of any individual, and free from the influence or control of any party.

Such then, gentlemen, is our idea of what a tariff board can do and cannot do.

In answer to the four questions I imagined you to ask, we say that after careful consideration of the difficulties we still answer them all with confidence in the affirmative. This information is really essential to a thorough understanding of the question; it will actually form a basis for a fair judgment regarding tariff rates; it can be secured in quite adequate measure; and it

must in the end have influence on public opinion, and so on public policy. But its work cannot be successfully carried out unless the public appreciates the magnitude of the undertaking, the limits within which it must be confined, the patience that must be required, and the futility of expecting the impossible.

There are various attitudes taken toward the problem of tariff revision. There are those who think that the old method of tariff making is all right as it is. They differ only as to the tariff itself. If they believe in it, they demand that the matter be considered closed and all agitation cease. If they do not believe in the existing tariff they demand prompt and radical revision according to the ideas they already hold and the knowledge they already have.

Then there are those, a growing number, who believe that our machinery of government for dealing with such intricate economic questions is inadequate; who believe that before legislation is enacted there should be a careful inquiry into the very complicated facts by an impartial body giving its whole time to this problem. But here, unfortunately, a new division arises, since among those who advocate the accuracy of the proposed new method are many who cannot forego the promptness and dispatch of the old.

There are men who denounce the Committees of Congress for having attempted to revise the tariff in five months, and who yet would denounce any tariff board which was not ready to report on revision in the same length of time. This may sound flattering to those who are asked to accomplish this difficult feat in so short a time, but so far as we have anything to do with the matter we know full well that the question of properly understanding all the details of the tariff is not so much a question of relative intelligence as a question of relative study and experience. It is both inconsistent and unfair to demand at one and the same time that the tariff shall be revised on the basis of an impartial and scientific investigation of the facts, and yet be revised with impulsive haste as a political exigency. The two demands are irreconcilable, and you must choose between them. So far as we are concerned, the President has given us our task to find the facts. We have resolved not to substitute for facts any half-

formed guesses or opinions. We shall not depart from this resolve under orders or pressure from any man, or any interest, nor in response to mere unthinking clamor.

DIGEST OF TARIFF BOARD'S REPORT.

The Americans are unquestionably an impatient people. They want work done well and yet done quickly.

The keynote of Professor Emery's speech is a statement of the fact that we cannot remake our Tariff quickly and make it well.

He states that it is inevitably a laborious task and that time is essential. The many schedules of the Payne-Aldrich Bill were encompassed in five months. This haste and the best methods we had at hand resulted in a Bill which deluded the people, which was unsatisfactory to the country and broke the Republican Party. The Tariff Board was created to put things straight, by a system, which after careful investigation would appear to be reliable and efficacious.

The chairman of that Board states emphatically that such a system is possible, but to make it operative without arduous labor and sufficient time is impossible.

There are many business men in this country who have been and are still in favor of a Tariff Commission, but it is an anomaly that many of these have been under the impression that an immediate revision of certain schedules is quite practical. Professor Emery, however, has made it very clear that this cannot be expected.

He has also proved conclusively that a Tariff Commission cannot be of real value, until it is a permanent institution. He has with great frankness discussed the pitfalls and dangers, but he just as frankly states that the ultimate result can be only for the general good.

The value of the Tariff Board cannot then be determined until sufficient time is given to demonstrate it. The five months' actual work is proof positive, that no just tariff rates can be made in that time. This, therefore, upsets the statement that the existing Bill is as good as it should be.

It also makes it clear, that it is not yet time for revision, it further establishes the fact that revision can and should be accomplished "one schedule at a time."

Many will cavil at the Tariff Board's belief that compulsory powers are unnecessary, but many will be enlightened by the argument presented in this direction.

They are the reasonable kind which will appeal to the honest business man; the dishonest will be disarmed the very minute he is placed in a position where mandatory powers are necessary.

Compulsory examination might exist in the Statute and it might be well to have it there, but it is doubtful whether a Board or Commission of the right caliber will ever enforce such a Statute.

The gentlemen of the present Board state very forcibly that they can get what they want without it and we should believe them until it is proven a fallacy.

Another most important "finding" is the great value to commercial interests which a well-compiled glossary of the facts would have, aside from the making and recommendation of rates of duty. This has long been needed in this country and should prove of inestimable importance.

Taken as a whole, it would seem that the chairman of the Tariff Board is to be congratulated on his manly and masterly diagnosis of the situation and the country is to be congratulated on being enlightened on this complex question.

The final conclusion is one that stands out boldly; this country needs a Tariff Commission, needs it permanently, and needs the kind of a Tariff Commission which Professor Emery has so ably advocated.

Never mind which political party accomplishes it, let it be accomplished.

COMPLETE PROCEEDINGS OF THE CONVENTION OF THE NATIONAL TARIFF COMMISSION ASSOCIATION

HELD AT WASHINGTON, JANUARY, 1911

THE Convention at Washington January 11 and 12, 1911, proved a new uplift to the Tariff Commission movement. The representation of every important interest in the country was notable not only in quantity but quality. Here was a demonstration centered in Washington and covering the entire country from Maine to California and from Canada to the Gulf.

This Convention and the result of it enters so largely into the history of the movement, that the proceedings in full are worth publication. The public mind at this period is expressed through the addresses made at these meetings. Each speaker well known and well informed added to the arguments in favor of a constructive policy of tariff making. The intelligence of experts at this time, proved in disseminating the words which fell from their lips of inestimable value in the educational field.

THE OFFICERS

JOHN CANDLER COBB	President
D. A. TOMPKINS	Vice-President
H. E. MILES .	Chairman Executive Committee
HENRY R. TOWNE	Treasurer
HENRY T. WILLS	Secretary

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HENRY R. TOWNE, New York



BANQUET, WASHINGTON CONVENTION, JANUARY, 1911

THE FIRST DAY'S SESSION

COLUMBIA THEATRE

WASHINGTON

Wednesday Morning, January 11, 1911

The Convention was called to order by the President, Mr. John Candler Cobb, at 10:30 a.m.

Rev. Ulysses G. B. Pierce, chaplain of the United States Senate, pronounced the invocation.

"Almighty God, our heavenly Father, whose providence has called us from the North and the South, and gathered us from the East and the West, we know full well that without Thee our labors are nothing worthy and our highest wisdom but utter folly. Be with us, therefore, we pray Thee, and grant that this meeting, begun in Thy name, may be continued by Thy grace and ended to Thy glory. Amen."

Mr. Henry T. Wills, Secretary of the National Tariff Commission Association, was unanimously elected secretary of the Convention.

Upon motion, it was ordered that the proceedings of this Convention be governed by the ordinary rules of parliamentary procedure.

Upon motion, duly seconded, the Chair was directed to appoint a Committee on Credentials, to consist of five members, to which might be referred all questions which might arise concerning the appointment and qualifications of delegates to the Convention.

MR. TOWNE: Mr. President, I beg to move the following resolution:

That, as the purpose of this Convention is the discussion and advocacy of the creation by Congress of a permanent tariff commission, no discussion of tariff policies or tariff schedules shall be in order, and that the presiding officer is requested and instructed to rule accordingly.

The motion was seconded, and, the question being taken, it was unanimously agreed to.

MR. NEWLAND: Mr. President, I beg to offer the following resolution:

That the Chair appoint a Committee on Resolutions and designate the chairman thereof, which committee shall consist of not less than one member from each State represented by a delegate or delegates present; that all formal resolutions offered for the consideration of the Convention must be presented in writing to entitle them to such consideration; that all such resolutions shall be referred at once without debate to the Committee on Resolutions.

The motion was seconded, and, the question being taken, the resolution was unanimously agreed to.

THE PRESIDENT: The Chair will appoint the two committees called for later in the morning session.

THE OPENING REMARKS OF PRESIDENT JOHN C. COBB.

We now come, gentlemen, to the real opening of the Convention, having elected our Secretary and adopted sufficient rules, I think and trust, for the conduct of the Convention, and I will say a word or two in opening the Convention to the effect that this meeting is in continuation of the work begun so splendidly at Indianapolis two years ago.

There is, however, one great difference between our work and the work done at Indianapolis. There were gathered together a body of men to think over, to consider, and to discuss the question of the Tariff Commission, what should be done, when, and where, and why. As a result of that meeting this organization to which we all belong took shape and has been for two years constantly and earnestly working to present this matter to the people of the United States, and to consider ways and means, and we now come together with the concrete proposition very clearly defined. I do not mean clearly defined in words—I do not mean that we insist on particular bills or particular phrasing—but we have, I think I may say, united on a general proposition clearly defined,

and which every man in Congress and out of Congress can understand.

We also have an example of the workings of a tariff commission. President Taft has created a tariff board, and that board is in working operation. It is a pretty good tariff commission, if it were only permanent and if its powers were only clearly defined by legislation, and it consists, those of us who have gone into the matter are very well convinced, of men who are good men, who are earnestly working at the work they have to do, and who appreciate the importance of their duties in developing this idea as a presentation to the country of what a tariff commission could be and ought to be.

I want to say here, gentlemen, one thing that has struck me very forcibly here in Washington, in talking with the different officials here—members of the administration, members of Congress, United States Senators, and, in fact, generally with people, in my efforts to present this matter to the favorable consideration of Congress—one fact has been very clear and very remarkable, which is, that with all the heated discussion of the question, with all the feelings that exist in Congress, that our proposition is good, or bad or indifferent, I have yet to find one man who does not say that Mr. Henry C. Emery, the Chairman of the present Board, is the right man in the right place.

That, gentlemen is to me a remarkable record and shows the ability and tact and judgment of the man in handling the situation. We have asked him to come here this morning and open our Convention with a brief presentation of what his work is, what he thinks ought to be done, and what he thinks can be accomplished.

I introduce to you, gentlemen, Mr. Henry C. Emery, Chairman of the Tariff Board. (Applause.)

THE ADDRESS OF MR. HENRY C. EMERY.

Mr. President and Gentlemen of the Tariff Commission Association: I was embarrassed enough at appearing here without listening to the very gratifying words, I confess, of your President. I was embarrassed in coming, anyway, for the reason that

many of you have been working arduously and faithfully for years for this idea of a tariff commission. I can see in the audience many men who worked for this idea before I had taken anything more than a purely academic interest in it. I am embarrassed to be on the stage with Senator Beveridge, talking on this question, because I have been associated with this matter for only a year or slightly more than a year.

You all know the history of the legislation by which the so-called Tariff Board was brought into existence. The wording of the original act was extremely vague, and simply enabled the President to employ such persons as he might need to assist him and the officers of the Government in carrying into effect the provisions of section two of the Tariff Act and in the administration of the customs laws. Hence, the Tariff Board and its work up to date are purely the creation of the President. The act gave him sufficient authority, but placed no obligation upon him. All that has been done in this direction is due to his appreciation of the problem and his earnest and courageous determination to use every effort to secure unbiased and impartial information regarding the tariff.

Let me say two things: First, that the appointments were in no sense of a political nature, and that no question was asked beforehand as to the party affiliations or the political theories of any member of the Board. I know, for instance, that my own appointment was settled before it was known whether I was a Republican or a Democrat, a protectionist or a free-trader. Second, that at the first meeting which we had with the President, he gave us our instructions to proceed to find out as rapidly as possible all essential facts regarding the effect of the tariff without reference to any party, any theory, or any sectional interest. I shall never forget the emphasis with which he told us that he wanted the facts and nothing but the facts. From that time to this there never has been a moment that he has not maintained this high position and supported with absolute steadfastness the great principles which you gentlemen have long advocated. I understand that you are here at this Convention to give him loyal support in the effort which he has made in this direction, and to

urge that what he has done under his authority as President shall be made continuous by act of Congress.

I take it that what you want from me to-day is simply the benefit of our practical experience in this new line of work. Frankly, I think I may say that many of you have been, and still are, somewhat at sea as to the detailed working of your own program. I am sure that it has taken the members of the present Board a long time to make definite their own ideas on this subject. If I may make a personal reference, let me say that before undertaking this work I had for many years studied the methods of tariff-making, and the effects of the tariff in this and other countries; that Mr. Sanders had for years been an earnest and disinterested advocate of the idea of a tariff commission, and that Mr. Reynolds had long been in charge of the practical administration of our customs laws. And yet we recognize frankly to-day that our ideas regarding the work of a tariff commission are not only more definite, but are in some ways radically different from what they were when we first met a year ago. It is impossible, and hardly necessary, at this time to go into details on these points. Furthermore, I do not wish to take any stand regarding any particular bill now before Congress. In fact, I am not here to make suggestions, but simply to give the result of our experience.

The main point is that your organization represents a demand for an improvement in the method of investigations which shall serve as a basis for tariff legislation. You, as practical business men, show by coming here at this time that you believe that more satisfactory results can be secured by a thorough and disinterested investigation of industrial facts in relation to the tariff. I can assure you, from our experience, that we are confident that thorough and accurate information can be obtained. There are many difficulties, and different lines of inquiry must be adopted in different cases. On your main contention, however, that the Government can secure adequate and unbiased information for such purposes, you are unquestionably correct.

Your next point, as I understand it, is that such action to be worth while should not be in the nature of a report as to the

conditions at any one moment of time, but should be kept continuously up to date by a permanent investigating body.

This body, if I understand your purpose, shall watch and study, from year to year and month to month, changing conditions of business with reference to sources of material, new processes of production, and the varying conditions of market competition at home and abroad. It is to be an investigating body purely. It shall be no part of its business to have any theories regarding the tariff, or to make any recommendations as to whether or not protection is needed, or how much protection is needed. It should, however, be constantly ready to furnish accurate information to those branches of the Government which under the Constitution have the determination of these great questions of policy. This I understand to be the idea which you have in mind. Both from the study of our methods of tariff-making and from our own experience, we are convinced that a temporary body making a report on some particular tariff act cannot perform service which will warrant either the time or money expended, but that a continuous body, ready with information at any time, will be of genuine and permanent service to the country.

There has been much discussion as to the particular character of such a commission as you urge, and still more as to how its duties and powers should be determined in detail. I do not consider these questions of vital importance, provided the real principle is adopted. Your association is an association of practical business men. I am sure you will be the last to lose a real gain by quibbling over details. Furthermore, your association represents a large number of commercial organizations throughout the country made up of members in many different fields of commercial and industrial activity. As an association you ought to realize, and must realize, the futility of constantly harping upon the antagonism between producer and consumer, or manufacturer and merchant. Many of you manufacture goods. You all consume goods, and you all buy and sell goods. I understand that this movement which you represent is a movement not of one class, nor of one section, but is a business men's movement

to attempt to secure a closer and more intelligent relation between the Government and the business world in matters of policy, which vitally affect business interests and the general economic welfare. I know that you are here out of public spirit, hopeful of securing not such legislation as would benefit your own private interests, but such legislation as you think would be of permanent and general benefit. Your deliberations cannot fail to be profitable and harmonious if you bear always in mind that only two things are necessary and essential: First, the facts; and, second, a continuous source from which these facts may be derived.

*THE PRESIDENT INTRODUCES
SENATOR BEVERIDGE.*

THE PRESIDENT: I do not think that we can ask for a more clean-cut and clear statement of what we have and what ought to be done about it, and I think it is very wise for us to begin our deliberations with a statement of this sort, showing us just where we stand in the proposition. I think we had next better take up the legislative position of our cause and hear from the other end of the city. I say the other end, because we are pretty well down town. I mean we ought to hear from Capitol Hill. The man I shall call on to address you next has probably stood—I may say unequivocally that he has stood—in the forefront of this movement from its inception, or certainly from the inception of our active campaign, a man who three years ago introduced the first real tariff-commission bill into Congress; a man who previously had discussed the question, debated it in public for some time, and who afterwards made the great presentation of the case at our Indianapolis convention; a man who since that time, I think, has made it the principal feature of a very active and picturesque public career, and who can above all others present any question that he has to present clearly, logically and beautifully. I introduce to you Senator Albert J. Beveridge of Indiana. (Applause.)

*THE ADDRESS OF HON. ALBERT J. BEVERIDGE,
UNITED STATES SENATOR FROM INDIANA.*

Mr. Chairman, Ladies and Gentlemen: The great tariff-commission idea is absolutely certain of victory. (Applause.) Indeed, I think its victory is now in sight. I trust that what we see is not a mere mirage, but real land and trees and water that fill our vision.

And, when the triumph of this idea comes in sound and comprehensive legislation, it will mean the victory of organized public opinion. (Applause.) That is a bigger thing than the accomplishment of this idea itself, for it proves what can be done when American business men, and, indeed, the American people, intelligently and determinedly set themselves to accomplish a reform needed for their welfare; and in this organization of public opinion back of the tariff commission, which alone is forcing its success, you gentlemen have been the largest force and influence.

Of course, it is a perfectly vital reform, and a very simple one—simple as all great things are simple—so clear, indeed, now that the agitation has gone on and the whole people are convinced, we all wonder why anybody should have opposed it. It means merely the application of business methods to the construction of the greatest of business laws.

Like every other great constructive piece of legislation whose purpose has been to improve upon existing conditions, this reform has been fought from the beginning; first with ridicule, scorn, and other familiar devices; and, second, by those almost more dangerous methods of apparent yielding.

And between what and whom has been the conflict? Between the great idea on the one side and methods for decades out of date on the other side (applause); more concretely between politicians and public men who all their lives had been accustomed to the old methods, and the great standardized interests that profited from those methods, on the one hand, and the vast body of the ordinary business men and producing interests of this country on the other hand. That has been the conflict; and,

gentlemen, you are winning. In the end you are absolutely certain to win.

Already some concessions have been made—not many—not much—and such as have been yielded, as I said on the floor of the Senate, when we secured the last appropriation for the Tariff Board, have been yielded at the point of the bayonet, and the reluctant fingers that wrote them were compelled to do so by the iron hand of circumstance, that circumstance being the crystallized opinion of the American people, which has brought you gentlemen here together in Washington to-day. (Applause.)

What we have gotten, while it is little—I shall examine it briefly, and I hope clearly, in a moment—is the wedge, or rather the laying of the foundation-stone on which will be built the perfect structure of a tariff commission as good as that of Germany or Japan, or the unofficial one that is now maintained out of their own pockets by the merchants of the United Kingdom. If we are to have a commission at all, I see no reason why the American Government—the government of the most numerous, and, as we are fond of saying, the greatest people in the world—should not have a measure equally as perfect, as permanent and powerful as those of our competing rivals abroad. (Applause.)

As President Cobb has said, the President of the United States made the most out of what he had. He went to the extreme limits of the law, such as it was that Congress gave to him, in order to create the germ of a tariff commission to-day, and the support by the President of this great fundamental business idea, this absolutely requisite business reform—his desire that there shall be a genuine, permanent, non-partisan tariff commission created—is a mighty influence for our cause. (Applause.)

Three years ago—I see many gentlemen who will remember this—when this fight began, immediately after I had introduced the bill for a tariff commission a committee of business men from all over the country met here in Washington to demand the passage of that bill.

They came with their eyes full of fire and their hearts full of resolution. We met together to discuss methods of procedure.

I ventured only one suggestion, and that was that their enthusiasm should not be numbed by their permitting themselves for a moment to have any legislative cocaine applied to them.

My experience has been that in any great reforms which are either bitterly or subtly fought, the public finds in the end that they have gotten something guaranteed to be "just as good," and which too often turns out to be something else.

We ought to remember that we have no pure-food law in legislation, and that frequently adulterations are fed out to the public under the label of the title of the bill. (Applause.) And I should say that the chief danger of this reform, or of those many reforms now accomplished which go to make up the great Interstate Commerce Commission, with the power that it exercises for the welfare, not only of the American shipper, not only for the welfare of the American people, but for the welfare of the American railroads themselves, illustrates the fact that you never get any more than you ask, and just as little less than you ask as you will submit to.

Therefore, I think it is essential that you gentlemen who are giving your time and your money to make American tariff methods modern should hold to the fundamentals of the reform for which for years you have been fighting.

Professor Emery well stated one or two of them, as to what you should keep in mind, although it might be remarked that you gentlemen for years have had those elements in mind and have been fighting for them, and it is because you have had them really in mind that this Convention is meeting here to-day.

What I am pointing out is that you should clearly and determinedly demand the fundamentals. Now, what are they?

First, let us examine the Tariff Board itself. I repeat that not only the President, in constituting the so-called Tariff Board, but its admirable membership, have done everything that the law from a legal point of view justifies, if not more. But, as a matter of fact, hardly anything has been done from the point of view of getting a real law.

For example, as Professor Emery said, he and his associates are mere employees of the President. Their very compensation

is contractual; they have no tenure of office. Any President less devoted to this cause than our present Chief Executive could dismiss them all by calling them up over the telephone, and end the life of the so-called Tariff Board in an instant. Not only that, but up to last year they were absolutely without authority.

When the tariff bill was passed a broad provision was written in that bill. I did that poor work myself. I could not get all I wanted, and therefore I used the old and familiar method so often urged by those who wish to cripple a reform, of getting what I could which gave them something like the authority they have now—a good deal more. In conference committee that was all stricken out.

For example, we wrote into the bill—and it passed the Senate and went to the conference committee—that these gentlemen should gather facts useful to Congress in tariff legislation. The committee struck that out—"facts useful to Congress in tariff legislation." I could not see why any Congressman or any Senator should object to having facts useful to him in tariff legislation. (Laughter.)

Then, not satisfied with that, the provision that these gentlemen should have authority to make full investigation of the production, commerce, and trade of this and foreign countries, was struck out, so that the bill as it passed, as stated by Mr. Emery, simply authorized the President to "employ"—I wanted to put in "appoint," but Senator Aldrich would not agree to it—"to employ such persons as might be necessary to aid him in the execution" of the minimum and maximum section.

Under that the President has done everything he could, but the Board had no authority until last year, and last year only that authority which is implied.

It can have no difficulty in getting facts from you gentlemen—from the ordinary business men of the country—but when they call upon the great centralized industries—for example, the sugar trust—to get information from them, they can only go to them with their hat in their hand and ask them questions, and the Sugar Trust can reply: "I beg your pardon; it is a fine day; good morning," and the Tariff Board would go away. In other words,

they have no power to examine witnesses or compel the production of books and papers.

So, what is it, gentlemen, that we want? First, that we shall have a board or a commission established by the law, beyond the mutations of politics, which shall be continuous—a commission of experts that shall be absolutely non-partisan, and so declared in the law itself (applause); a commission which the law itself shall provide shall give its entire time and attention to this critically important business; a commission whose life a Presidential election cannot possibly imperil; and, finally, a commission armed with adequate powers to do the work of this investigation and report—those powers to be set out or conferred by the law itself. (Applause.)

Now, those are the fundamentals. It is perfectly immaterial to any real friend of this reform what diplomacy or management methods you employ to get those fundamentals, but it is critically material that those fundamentals shall not for one moment be yielded or compromised with. (Applause.)

On the question of permanency, fixed in the law itself; on the question of the duties of this Commission, fixed in the law itself; on the question of the powers of the Commission fixed in the law itself, there should be no yielding—no compromise of any kind.

I have found in my twelve years' experience as a practical legislator that even the forwarding and consummation of a great reform often has been seriously delayed by a half-way measure which the enemies of the reform will declare is that reform's fulfilment.

So, whatever else we agree to, let us insist on those three absolutely essential fundamentals. We "have them in mind," Professor Emery. We have been fighting for them on the floors of Congress, from the public press, and on the platform, before the American people, for years and years. There is not much danger that we will not "have them in mind"; the important thing is, having them in mind, and having them crystallized for this length of time, that we shall demand and fight for them, and if we do demand and fight for them, we shall get the legislation we want. (Applause.)

I think I could sum this whole subject up most clearly by this illustration: Three years ago, what would anybody have said, belonging to any party or with any view, if some person had proposed that the Interstate Commerce Commission should be put in the same position with reference to its life, its duties, and its powers in which our Tariff Board finds itself?

And yet the tariff affects every man, woman and child in this country just as definitely and as seriously as railroad rates affect them. Indeed, they are both a part of a single great economic problem; and this Tariff Board or Tariff Commission—because a rose by any other name will smell as sweet—of course the Tariff Commission is the proper name, but if anybody will be better satisfied to call it a board, all right—should have the same dignity as officers of the Government, the same permanency as to tenure of office, and the same adequacy of powers that the Interstate Commerce Commission has (applause)—not the same powers, perhaps, but at least the same adequacy of powers. There ought to be no dispute about this.

We have examples in our own laws for years of commissions. Every person who has made a study of the thing is thoroughly familiar with the German Tariff Commission, which, I believe, was the pioneer in this kind of business. The German people took our tariff system, and then improved upon it. The first thing they did was to create a tariff commission. When the German Tariff Commission perfected as well as they could a system of tariff duties, it was then submitted first to the department of government that answers to our Department of Commerce and Labor here, to have them examine it from their point of view; then the Treasury Department, the department collecting moneys under the tariff law, was asked to examine it from their point of view, and then the Department of Foreign Affairs, to have them examine it from the point of view of treaties and the relative trade of other countries. How can it be expected that we can continue to compete with profit to our business men if we go along with haphazard methods, while our neighbors use the most approved and business-like methods? (Applause.)

This is the third of the meetings of this kind that I have

attended. As I tell you, three years ago, when I introduced this bill in the Senate, I met the committee that then came to Washington. That was a notable meeting. It was in analogy like the meeting that founded a political party. And then the next one was the great convention at Indianapolis, which was an inestimable force in the organizing of the people's convictions. That Indianapolis Convention set a great body of public opinion upon the march, and it has marched forward ever since, until I trust it is reaching the end of a great, successful, and a glorious campaign.

And now comes the final one—the most notable and the most historic, I trust, of all, because I hope it will mark the final achievement of the purpose of this fighting for all these long years. I hope the present session will grant you that for which you have been so long battling, and that which is so vitally necessary for the settlement of this great and this vexing question; and when that question is settled, gentlemen, I repeat again because it is a glorious circumstance of the whole campaign, that it will be a tribute to and an exemplification of the power of American public opinion, of the power of American business men when they once are determined and when they demand of their servants in Congress—not their masters—the granting of a law which is necessary to their welfare. (Applause.)

I am glad to see this recrudescence of public spirit. In my twelve years here I have seen strong bodies of men come to Washington earnestly demanding something that was necessary for the welfare, not only of themselves, but of the entire Nation, and yet take an attitude of suppliants before their Representatives and Senators, and the leaders of those two bodies—of petitioners to a higher power. When they approached any department of this Government it has not been as the real master, but as some person humbly asking that something should be given by the grace of a superior. And yet what is Congress? It is nothing, and worse than nothing, unless it is the organized public opinion of the people it represents. (Applause.)

It is not demagoguery, but the soundest and most fundamental statesmanship, that Congressmen and Senators, and all public

officials, are nothing but the servants of the people—of the Government, which, as Lincoln said, is a government of the people, for the people, and by the people. (Applause.)

So, gentlemen, out of a heartfelt devotion to this cause, made stronger by years of incessant battling for it, and also out of that deeper sentiment of the vital interests to this Republic, of the insistence of this citizenship upon their sovereignty in their demands upon their servants, I trust that this Convention, which has so clearly in mind just what it wants, will uncompromisingly demand of its legislative servants that they give just what you want. If so you will get it—and not otherwise. (Applause.)

*THE PRESIDENT INTRODUCES
REPRESENTATIVE McCALL.*

THE PRESIDENT: Gentlemen, I think my promise is fulfilled. I think the Senator has given us all that I promised he would. I think he has given us something more, which I would call to your attention, and that is a suggestion with regard to the value of seeing our Senators and Representatives and talking this matter over with them. I hope that you will follow his suggestion.

We have with us to-day a man about whom I am rather modest in speaking, because he is a neighbor from my own state—a man I have known for a long time. He is a member of the Ways and Means Committee of the House of Representatives which framed the last tariff bill. He is a man who has stood in the forefront as long as I can remember anything of public life, in the cause of fairness and soundness in our tariff legislation and tariff affairs. He is a man who has made a special study of tariff questions—who knows their bearing and understands them. As I say, I feel that there is no man better equipped to come before us to-day and tell us something about this subject than the Hon. Samuel W. McCall of Massachusetts.

*THE ADDRESS OF HON. SAMUEL W. McCALL,
REPRESENTATIVE FROM MASSACHUSETTS.*

Mr. President, and Ladies and Gentlemen: I was very much impressed with what the chairman of the Tariff Board said in

what was termed his plea, his pathetic plea, for his official immortality in regard to the permanence of this Tariff Board. If it is advisable to have a tariff board or a tariff commission at all, it will be necessary to have it, I think, until that happy, and I fear far-distant, day when tariffs shall be no more. We must keep it up to date.

Of course the Tariff Commission can have no legislative authority whatever. The power of imposing taxes is confided by the Constitution to Congress, and it cannot be delegated by Congress to any other body. I do not think that even if it could be so delegated—even if that were constitutional—that any important section of the American people would ask that the power of levying tariff taxes be taken from their representatives and from the representatives of the State. One of the principles upon which our nation is founded is that the representatives of the people shall impose taxes, and that provision in our Constitution was the offspring of the historic belief of the race from which we sprung—a people who fought battles for freedom upon the question of having taxes imposed by their representatives, and who are now insisting that the hereditary branch of the national legislature shall have nothing to do with taxation, but that that question shall be left to the House of Commons.

I think that the present Tariff Board, by the unostentatious and business way in which it has gone to work, has made a great many converts to the idea of a tariff commission. (Applause.)

A great many of us, when it was proposed to have a tariff commission, had in mind as a model the industrial commission, where several gentlemen appointed by the President and solemnly ratified by the Senate presided over a sort of debating club, to which commission from all parts of the country would come gentlemen who would divest themselves of long orations. The result, in my opinion, was that nothing of any importance was accomplished by that commission. But the experts whom President Taft has appointed have gone into this matter in a scientific fashion. The essential function of a tariff board or a tariff commission is a scientific ascertainment of facts necessary to levy tariff duties. That is its function. Those facts are neces-

sary for the information of Congress, and they are necessary for another purpose—of which I have not heard very much said—they are necessary for the information of the American people who direct Congress. (Applause.)

I believe that that commission should be made permanent. I believe that its powers should be augmented. I do not think by any means that its inquiries should be devoted to ascertaining the cost of production. I have been unable to give to that expression, "the cost of production," quite the emphasis it has had since it first came into view, as the political dogma of a party, appearing in our party platform two years ago. It is a very indefinite expression. Suppose we have twenty, or fifty, or a hundred concerns in this country engaged in producing a certain commodity. What are you going to take as a standard cost of production, the cost to the concern least advantageously situated, least economically and intelligently managed, or the cost to that one which is most intelligently managed? If you take the one that has the greater cost, then the other concerns, assuming that your tariff duties are added to the cost of production, are going to fatten—are likely to fatten—upon an unnecessary protection; and, if you take that concern which is economically the most successful, and take that as a standard, then you are going to drive out of business the other concerns less fortunately situated, and in the end perhaps establish a domestic monopoly. So I say that that is not capable of exact ascertainment. But I do think that the Tariff Board should inquire and ascertain, as far as it can, the cost of production of articles both here and abroad. That is one element in the problem. Furthermore, I think it should do another thing. I think it should be made the duty of that Tariff Board to report the facts to Congress, so that Congress may make it the basis of legislation.

I think that there is one other function of the Tariff Board that I have not heard very much about. I think it should be endowed, should be charged with the duty of collecting facts, of ascertaining, as far as it can, the effect of tariffs upon the prices of articles in necessary use, or upon all commodity prices. (Applause.)

We have had a very simple formula in our text-books. I don't know whether Professor Emery has used them or not. We would sit down and take the foreign price, and then we would add the duty to the foreign price, and we would think we had ascertained the price of the article in this country. Now, that does not work. We have taken duties off and we have seen prices go up; we have increased duties and we have seen prices go down. That is undeniable. There is one schedule in the present tariff upon which every duty was decreased radically except one, and that was increased, and the articles upon which the duties were decreased went up in price and the single article upon which the duty was increased went down.

This is a very perverse thing. You are going to encounter facts that are crosswise, and I think it is important that your Tariff Commission should have that as one of its chief functions—to ascertain the effect of the tariff upon prices.

It will have great political effect. For instance, suppose the Tariff Board, or the Tariff Commission, or whatever you might call it, should find that there was a parity in the price of wheat in the Argentine Republic and in Canada, and also in the United States, having reference to the freight rate of Great Britain. Suppose that they should ascertain that fact, and suppose it should be published authoritatively. Now, it might lead some farmers to question whether they were getting twenty-five cents a bushel or any other sum out of this tariff upon their wheat; and, that being the case, they might look in a somewhat different way upon the other schedules of the tariff, and it might lead the man who was a consumer to see that the Government was not imposing a tax upon his bread, and therefore it would serve to allay his discontent. It might also serve to do away with a useless duty, which I think would be a very desirable thing. (Applause.)

Do not expect too much of your Tariff Commission. Do not think that it is going to operate as an artificial deity that will separate you from all your tariff troubles. Not all the sins in making tariff laws are sins of ignorance. Take a general tariff bill, applying to four or five thousand commodities, in the manu-

facture of which perhaps twenty million or forty million dollars are invested, and then the operation of your schedules will apply to nearly all the other property in the country; for, although railroads are upon the free list and cannot be imported, yet railroads are very great purchasers of steel and other supplies. Newspapers are in the free list, and yet they are greatly interested in the duty on wood pulp and upon print paper. So that I think it is fair to say that nearly all of the one hundred and twenty billion dollars of property in the United States are interested in tariff schedules.

Take one section of the country, and it will be interested in having a certain duty high. Another section of the country will be interested in having that duty abolished or made low. You get into political difficulties. It is far from a simple thing to frame a tariff bill, but it will be a great assistance to have the facts accurately presented by some authoritative board like the Tariff Commission. (Applause.)

I agree with what Senator Beveridge said, that you gentlemen should speak your minds freely; but, at the same time, let me caution you. There is a constant procession of conventions in Washington, august gentlemen who come here having this idea or that idea, and do not think that your representatives in the Senate or House of Representatives have any other motive than to act for the good of the whole country. (Applause.)

So, if they see that you have a valuable idea, one which will be of general benefit, do not fear that they will not accept that idea. And, furthermore, do not think that every man that does not agree with every proposition in your bill is a secret enemy trying to stab you in the back.

It is a grave question whether it is well to arm any body of men, simply in order to ascertain the cost of production, with inquisitorial powers to summon every business man in the United States, perhaps, before that body to testify under oath as to his business secrets; to show his books and papers and expose to the public gaze—or, if not expose to the public gaze, to some political organization, or some dishonest administration which may at the moment happen to be in power—to expose his secrets to them,

so that they may possibly be used for purposes of political blackmail. Now, I say it is a very grave question. The provisions of this bill must be carefully considered; but I believe—and I will commit myself to this extent—that this Tariff Board should be made permanent. It should be made non-partisan. That does not necessarily mean bipartisan, because often the most partisan boards in the world are where you have two of one party and two of another, and they resolve themselves into a debating society. Make it non-partisan if you can. Give them authority to investigate every fact relating to the trade and commerce of the United States, and also cognate branches of trade in foreign countries, and then make it their duty to report what they shall find to the Congress of the United States. (Applause.)

That is my idea. That is my idea of what our Tariff Commission should be. (Applause.)

THE PRESIDENT INTRODUCES H. E. MILES.

THE PRESIDENT: Gentlemen, Mr. Miles has come from Wisconsin, and he has arrived this morning. He said he did not have a chance to prepare his speech and did not have anything to say, and he wanted us to wait until tomorrow morning; but I knew Mr. Miles knows his subject. I knew he could get up here and make as good a speech—in fact, a better speech—if he talked, as he says, right off the train, without any preparation, than he could if he wrangled with the subject and thought it out, and was careful of what he was going to say. I think we can all of us congratulate ourselves, and I hope you all appreciate what Mr. Miles has been to this cause. (Applause.)

*THE ADDRESS OF H. E. MILES OF RACINE, WIS.,
CHAIRMAN EXECUTIVE COMMITTEE,
NATIONAL TARIFF COMMISSION
ASSOCIATION.*

Mr. President and Gentlemen of the Convention: It is fortunate for me, and more fortunate for you, that I have no speech to deliver. One who follows the gentlemen who have just spoken

can only supplement what they have said or approach the subject from a different angle. For myself, I am a Republican—I am a protectionist. But, gentlemen, the strength and the glory of this movement, and its irresistible power, rest upon the fact that it is not a question of party, not a question of economic belief. It rests upon the fundamental principle that in a government of the people and by the people, as indeed in any government, legislation must accord, not in part, but so far as is humanly possible, with the facts and with the truth. (Applause.)

To me it is of small consequence whether the facts, when disclosed, completely support my previous opinions. I would sooner alter my faith to accord with the facts and the truth than to have the facts only partially disclosed and to continue in a belief that is not entirely well founded.

It may be stated as a fundamental fact almost too simple to require statement that the money that is in the pockets of the American people belongs to the individuals who now possess it, and that not even the Congress of the United States, by and with the approval of the President, can legislate justly one penny out of the pocket of any citizen except for a full and fair equivalent. Those of my faith—protectionists—believe that an equivalent is rendered when all that is legislated in support of our theory is used for the maintenance of the American wage scale and for the support of our industries in a reasonable measure of successful operation. We believe that in a government like ours it is essential that every industrious laboring man, so far as possible, shall have a fairly good income—that he shall be able to support his family in modest comfort—and to give time, with reasonable content, to the consideration of the great problems upon the solution of which our future depends, and that any expenditure that can be reduced to that elemental principle and is necessary in the support thereof is not only a proper, but a vital, expenditure and levy. This nation can take no chance, if chance there be, of its labor becoming either hungry or short of work from foreign competition.

Pardon me now if I use a little strong language. It may help to an understanding. The common people—our masters, after

all—with ten or a hundred votes to every one vote that we exercise, have reduced this present-day proposition of the tariff to another fundamental and simple principle, as the people must always reduce their conclusions.

This other principle is that of common honesty and common sense. They see, what none of us seems clearly to have seen till recently, that our tariffs as now made fit no principle at all. They do violence both to protection and to tariff for revenue only. They can, as a whole, neither be justified by any theory nor be explained away. The \$1,000,000 per working day which the tariff must bring to the support of the Government is known of all men to be enough tainted collaterally to make proper this quotation from our most august and sedate tribunal, the Supreme Court of the United States:

“To lay with one hand the power of the Government on the property of the citizen, and with the other to bestow it upon favored individuals to aid private enterprise and build up private fortunes, is none the less *robbery* because it is done under the forms of law and is called taxation.”

We protectionists can make no answer to this in saying that the tariff is mostly honest. The people can no more be satisfied with a tariff that is 60 per cent or 90 per cent honest than with a man who is 90 per cent honest. There is no percentage in honesty.

It is easy to note the steps by which we have come to the present situation.

Protection is two-sided. The general public must be protected as well as the manufacturers and wage-earners. And the public must be protected as a condition precedent to the protection of any part of the public, even as the whole must be considered as greater than a part.

Until fifteen or twenty years ago it made little difference how high the tariff rates were. I remember, in 1884, hearing Ben Butler, with his hand lifted over an audience that crowded the old Music Hall in Boston, say:

“What difference would it make to all you people put together if the tariff on 4-cent cottons were a thousand dollars a yard?

None; because cheap cottons are made in this country as cheaply as anywhere in the world, and are sold under severe competition at that low cost, plus a very narrow margin of profit."

The moral issue has come to be of supreme consequence in this tariff question, but it must be said in justice to those who have made our laws in the past, in justice to the manufacturers as well, that there never was any great preconceived, carefully laid plot against the interests of the American people.

Competition that made 4-cent cotton sell at a fair price made everything else sell at a fair price. But, gentlemen, some twenty years ago, in the economic development of our country, there came combinations, consolidations; and in passing, let me say that our country itself is a great political consolidation and combination of forty-eight separate States and as politically we are great because of the political combination, so in industry we are great because of the magnificent courage and ability of our industrial captains and the tremendous aggregations which they have formed, and formed very successfully.

But, gentlemen, let us state the truth, Col. George Tichner, who framed the McKinley Bill, under then Chairman McKinley, says:

"The controlling idea in the preparation of the McKinley Bill was to dispose of and prevent the accumulation of surplus revenue. It was in that view that duties upon certain articles were made prohibitive and upon others higher than they otherwise would have been."

A study of the law supports this statement. Think of it! Splendid William McKinley and his associates, in innocence and patriotism, taking from the general public much of that protection that comes from proper foreign competition, and thereby permitting, if not unconsciously inviting by law, the lessening, and in part the elimination, of home competition by domestic combinations. That is, in a measure, immaterial. The material fact is that at this time the consumer has lost that degree of protection he formerly found in competition, and the carelessness with which rates have heretofore been made affords a special opportunity for those who, having excessive rates, have in a measure con-

trolled competition intelligently, fairly, and with brilliancy, make use of their American opportunities and raise their prices.

Now, gentlemen, does any moral obliquity attach? It should be called to the attention of this audience, and of all who are interested in the subject, that this whole agitation for tariff betterment, in all of its earlier stages, was an agitation of the supposed beneficiaries—the manufacturers of the United States—and not an agitation by the consumers. The manufacturers saw this thing coming. They gave full and fair warning years ago. Upon the most careful canvass of the situation then possible, your officers were satisfied that 90 per cent of the manufacturers of the United States wanted, and still want, a tariff commission. They do not want a tariff commission for the sake of having a commission; they want it so that the tariff of the United States shall be levied with all possible understanding and upon the fullest possible disclosure of the underlying facts; they want it so that as manufacturers the mere possession of the tariff rate shall be to them equivalent to a certificate of desert. If it reduces some rates, let it reduce. Not every manufacturer is of that belief. Manufacturers are like other men. A few of them, when they have a good thing, want to keep it, whether it is fair or not. It cannot, however, be too much emphasized, nor too often repeated, that in 1907, long before the general public had any definite concern in the question, a canvass of many thousands of manufacturers, representing all our varied industries, showed 90 per cent of them wanting then what we all want now. Our movement is, in its initiative, a movement begun and worked out by the manufacturers of the United States in the interest equally of themselves and of all the people. As chairman of committees directing important phases of the work, I know whereof I speak.

We are immediately in face of another revision, though no one can name the day. The manufacturers of the United States besought the public and Congress some years ago for such an investigation as we now call for, and that that investigation should precede the last revision. If only it had, the last revision might well have stood for a dozen years, even as Germany's intelligent tariff is to stand for a dozen years. Our prayer was unheeded;

our fateful prophecy derided. We are up against another revision now, and we again beseech that immediately all possible be done in the establishment of an investigating body, so that when this next revision comes it shall be so in accord with the fundamental facts of the situation that following changes will be minor, and that for years to come we may go home and each mind his own particular business with a certainty that obtains in Germany, for instance, that there shall be no further agitation, that the difference of opinion and of fact will be so slight as to be unworthy of serious attention and the concern of the American people.

Gentlemen, I am taking too much time. The inexperience of Congress in the making of tariffs is of wonderful interest. We all know that tariffs are framed in the House by the majority members of the Ways and Means Committee. When the McKinley Bill was made, how many of the majority members of the Ways and Means Committee do you suppose had ever had any previous experience in the framing of a tariff bill? As business men, it seems to us an important thing. How many of us would assign any task half so important, a thousandth part so important, to men other than of extreme experience? Of the McKinley Ways and Means Committee, Mr. McKinley himself was the only man who had ever had any previous experience.

Then came the Wilson Bill. Not even Mr. Wilson had ever attempted to draw a tariff bill before. The other members of his committee who had had some previous experience had next to none really, because their experience had only been that of minority members of the McKinley committee, and as such they were not present when the real work was done in the framing of the McKinley Bill.

Then came the Dingley revision, and of the Dingley committee only four members of the majority had had previous experience—Mr. Dingley, Mr. Hopkins, Mr. Dalzell, and Mr. Payne—a newspaper editor, and three attorneys.

Of the Payne committee, only two—Mr. Payne himself and Mr. Dalzell—had any previous experience in the framing of a tariff bill.

All proper honor and respect to the members of Congress,

but no man, however wise in general ways, can divine the cost of production in this country and in foreign countries of the million and one articles covered by a tariff. These gentlemen could do little more than the McKinley committee did, according to a Senator of the United States who was one of the leading members of that committee. He said: "We could not get at the facts; all we could do was to do the best we could, and that we did."

A member of the Ways and Means Committee said to a group of us near the close of the recent special session: "I have utterly lost confidence in the integrity of American business men, so uncertain, so conflicting, so hopeless of understanding have been"—not the evidence—"the statements made to the committee." For of evidence there was none. Proof was not required. It will be a happy day for Congress when every pressing constituent must "clear" (to use a banking expression) his tariff proposals before an impartial informed investigating body before bearing down upon his unlucky office-holder.

Gentlemen, I am again trespassing upon your time. It is absolutely essential that unless we are to have one revision, and then another and another, until the question is rightly settled, it is essential that we have this investigating body a body whose duty is simply to disclose the facts—facts, and nothing but facts.

As to the powers of the commission, I hope we will soon resolve into an argumentative body, with words from the floor upon this and other details of a bill. Personally, I always like to feel that the policeman has a club. In fifty years of life I have never seen a policeman use a club, and he does not use it, principally because he has it. I would like to see the commission with power. (Applause.) I would not expect an intelligent commission to use its power. I would not expect a manufacturer to give any considerable provocation, but I do feel that the power should inhere so that the representatives of the Government may never necessarily appear as suppliants for helpful information.

We have already builded better than we knew. It seemed that only an angel could make anything worth while of those slender and uncertain lines given us in the Payne law, and upon which President Taft established the Tariff Board. This might

as well be called the Taft Board as the Tariff Board, so wholly does it depend upon and express the personal will and inspired judgment of its creator.

The Board is doing an almost perfect work. It is commending itself to its former opponents, and if I may base an opinion upon such reports of producers as have reached me, the Board is incidentally causing such a comparative and thorough study of costs as our manufacturers as a whole have never had. Two men I know of have found their costs 50 per cent too high. I gladly predict that the \$250,000 annually to be expended by the Board will result in an increased national efficiency in our producers of more nearly \$50,000,000 per year. This will benefit consumers in a still larger sum, and make us the more ready for international trade and competition.

If the work of the Board is continued even for another year and its findings then reach the light of day, we may confidently expect, from our knowledge as manufacturers, that the desirability of the development of the Board into a permanent body, with defined powers and greater dignity, will be clear beyond possibility of question.

COMMITTEES APPOINTED.

The Committee on Resolutions.

Henry R. Towne, New York, John Spee, Kentucky.

Chairman. G. H. Ellis, Louisiana.

T. C. Thompson, Alabama.

Charles F. Flagg, Maine.

Col. A. D. Allen, Arkansas.

Wilton Snowden, Maryland.

R. Woodland Gates, California.

Henry M. Leland, Michigan.

J. F. Callbreath, Colorado.

A. W. Frick, Minnesota.

Charles Cheney, Connecticut.

F. C. Schwedtman, Missouri.

Edwin F. Frazier, Georgia.

G. T. Coppins, Massachusetts.

James B. Gowen, Idaho.

H. T. Dobbins, Nebraska.

Howard Elting, Illinois.

George R. Howe, New Jersey.

A. F. Karges, Indiana.

Charles A. Scheiren, New York.

H. E. Green, Iowa.

Ludwig Nissen, New York.

W. A. White, Kansas.

G. W. Wolbert, North Dakota.

Theodore F. Kluttz, Jr., North Carolina.	E. A. Lindsey, Tennessee.
F. W. Wiborg, Ohio.	J. J. Culbertson, Texas.
J. H. Johnson, Oklahoma.	Joseph A. Hall, Virginia.
C. B. Lamont, Oregon.	J. P. H. Adams, Vermont.
A. B. Farquhar, Pennsylvania.	J. W. Wentworth, Washington.
Gen. William Ames, Rhode Island.	A. H. Vogel, Wisconsin.
B. F. Taylor, South Carolina.	S. P. Avis, West Virginia.
	Wm. M. Shuster, District of Columbia.

THE COMMITTEE ON CREDENTIALS.

Mr. John Kirby, Jr., *Chairman.*
Messrs. Page, Bruce, and May.

THE PRESIDENT INTRODUCES ALLEN RIPLEY FOOTE.

Now we come to the last speaker of our morning session, a man who has made a study of taxation problems, a writer and a speaker on the subject with a national reputation of many years, the President of the International Tax Association and the President of the Ohio State Board of Commerce. I introduce to you Mr. Allen Ripley Foote, of Ohio.

THE ADDRESS OF MR. ALLEN RIPLEY FOOTE, PRESIDENT OF THE INTERNATIONAL TAX ASSOCIATION.

Gentlemen of the Convention: I made my first address in favor of the proposition for the creation of a permanent tariff commission in 1892, and since that time all the thought I have given to the subject, all that I have read upon the subject, said by others, confirms the basic proposition that it is absolutely necessary to have a permanent commission to obtain and make public all the facts necessary for the guidance of tariff legislation if that legislation is to be intelligent. I think you will all agree that that legislation without a knowledge of the facts must neces-

sarily be guesswork. The determination of facts is a judicial function, not a legislative function.

Facts of the character necessary for the guidance of the American people in their public policy regarding tariff legislation must be collected by a judicial body whose organization will be a continuous one, that will be removed from any political influence. It must be a matter of science; it must be handled as a question of science; purely to get the facts.

Every business man here knows that he would very soon wreck his own business if he were not well informed regarding the details necessary to its right management. It goes without saying that a man who is in the Capitol as a Senator or a Representative cannot legislate intelligently upon these questions, which are all questions of commerce and finance, unless he has the facts. The statistics that would be gathered by such a commission will perform the same kind of a function for the guidance of legislation and for the guidance of business men of the country as is performed by the ship's compass. Without a compass no navigator can cross the ocean and correctly reach his port. Without a compass no legislation in this country can be highly intelligent, and that which is best calculated to put the country in condition to meet the changes that continuously occur in commercial conditions, in the condition of production and the interchange of commodities; the settlement of trade balances is a daily operation; it is a continuous operation; it can never be well done without the information given by such a commission as is contemplated.

I advocate the creation of such a commission, with full power, with long life, well equipped to do its work. The longer you give the term of service to the men in the commission the more expert they become. In these days we hear so much about economic efficiency in production and the handling of business matters; we all know that efficiency only comes through experience, through continuous experience, and it is foolish to expect that a man can go upon a commission of this kind, give one or two years to it, and then be displaced by a newcomer. You must make your conditions of employment for these men the same as

for the Supreme Court of the United States, so that they can afford to devote their energies and their abilities—all their lifetime—to the work.

In that way you will get the best service, and none but the best service is good enough for you. (Applause.) The American people have a popular government. We have a frequent indication of the swaying of the popular will. The American people cannot govern themselves intelligently and effectively without a knowledge of the facts. The facts that such a commission will report will not only guide the legislation at the Capitol, it will guide the public policy of the country and it will guide the people in forming their own opinions, and my judgment of the American people is that when they are sure of the facts their action will always be right. (Applause.)

THE RECEPTION BY THE WASHINGTON CHAMBER OF COMMERCE.

Immediately after adjournment of the first session of the Convention the delegates went to the Arlington Hotel, where they were the guests at a reception and luncheon given in their honor by the Washington Chamber of Commerce.

The delegates were welcomed in the reception room by a large number of the leading members of the Washington organization. After half an hour given up to introductions and the making of acquaintances, Mr. James F. Oyster, President of the Washington Chamber of Commerce, spoke briefly, greeting the guests most cordially and warmly on behalf of the city. President Cobb responded in a happy vein, expressing the enjoyment felt by himself and the other delegates of the hospitality of the Chamber of Commerce.

A buffet luncheon was then served.

THE SECOND DAY'S SESSION
AT THE
NEW WILLARD HOTEL
WASHINGTON

Thursday Morning, January 12, 1911

The Convention was called to order at 10:30 o'clock a.m. by the President, Mr. John Candler Cobb.

THE PRESIDENT: I will ask the Secretary to read some telegrams we have received, which are of great interest to the Convention.

The Secretary read as follows:

JOHN CANDLER COBB, BOSTON, MASS.
Tariff Commission Association,
Washington, D.C.:

The National Shoe Wholesalers Association of the United States, in annual meeting assembled this tenth day of January, 1911, sends greeting to your National Convention, and notifies you that the following resolution has been unanimously adopted: That we endorse the principles of a scientific and business-like adjustment of the tariff through the agency of a permanent independent tariff commission, and the adoption by Congress of a system of revision of the tariff by schedule.

S. W. CAMPBELL, *Sec'y.*

DAYTON, OHIO, *January 11, 1911.*

HENRY T. WILLS,
Secretary Nat'l Tariff Commission,
New Willard:

The Dayton Chamber of Commerce wishes you all success in your noble work towards securing a tariff commission. Dayton, the city of a thousand factories, is with you.

LEOPOLD RAUH,
President Dayton Chamber of Commerce.

THE SECRETARY: I also have a telegram here from the National Association of Tanners, giving a resolution that they have passed, which I will read:

Resolved, That the National Association of Tanners¹ hereby pledges its united efforts towards the establishment, by the present Congress assembled, of a permanent non-partisan tariff commission.

Resolved, That a committee of three be appointed by the Chair to have in charge the statistics of the hide and leather industry.

*THE ADDRESS OF JOHN CANDLER COBB, PRESIDENT
OF THE NATIONAL TARIFF COMMISSION
ASSOCIATION.*

Gentlemen: It is incumbent upon me to say a few words, as a report, on behalf of your directors to whom has been entrusted the active conduct of the work of the Association.

The idea of a permanent tariff commission is not new; in fact it has been tentatively suggested and discussed in an academic way for nearly a generation, but the real active work to produce results is covered by a period little over two years, I may almost say beginning with the Indianapolis Convention, held in February, 1909.

The fundamental basis of our work is the fact that there has existed in the country for many years a widespread and earnest conviction that our tariff-making system is unsound and inadequate to cope with modern conditions—with all the complexities existing in the relations of labor and capital, the consumer and producer, and the adjustment of the tariff to domestic business and foreign trade.

The levying of duties must of necessity affect all these questions, and if we desire to produce sound results it is a self-evident proposition that the first step should be thorough knowledge of existing conditions. It has been our province simply to present to the country for general discussion and consideration the idea that this necessary knowledge of conditions can best be acquired by a permanent, independent tariff commission. We have worked assiduously for two years to present this idea, and have met with an affirmative response so unanimous and so general from all sections of the country and from all kinds and conditions of men, regardless of business and political affiliations, that your Board of Directors has felt justified in calling you together here in Washington to say to Congress that the country desires and

deserves to have a permanent, independent tariff commission, with provision for the consideration of the tariff by schedules in the full light of public discussion, based on investigations made by a commission so established that it will command public confidence.

It is a perfectly simple proposition, this suggestion that the tariff question, affecting as it does, directly or indirectly, the welfare of every citizen in a most intricate manner, should be thoroughly investigated and analyzed by men of ability and experience who shall devote themselves exclusively to the work, the result of their investigations and finding of facts being at all times available to Congress for its use in making tariff laws and fixing rates of duty. It is a proposition which we have found, when clearly presented and understood, commends itself equally to Minnesota and Texas, to Massachusetts and Oregon.

In the creation of the present Tariff Board our work secured a standing and recognition of very great value as a step towards its full accomplishment, and the statement made to us yesterday by Chairman Emery, of the Board, clearly showing that he and his colleagues are convinced by the work already done that it is a practical and feasible proposition, is evidence which should encourage us to renewed endeavors to perpetuate the work so well begun, by an earnest effort to secure legislation to develop this important first step into a permanent tariff commission.

Speaking of the Tariff Board brings me to the invaluable help, and I may say leadership, which we have had in our work from President Taft. Firmly convinced that our tariff-making system was inadequate, he has consistently and courageously worked for its improvement along the lines we stand for. He has created the Tariff Board as an effective working object lesson under the authority of legislation entirely inadequate in its scope and temporary in its nature, and he has stretched the discretionary powers given him to their limit to accomplish this result.

In closing I want to say a word for the business men of the country. It is charged that selfishness and avarice always have and always will control men's attitude toward the tariff. This I do not believe. It has fallen to my lot during the past two years

to discuss this question in all its bearings with men from all sections of the country, and I am convinced that the greatest evil in our present tariff-making system is the widespread belief that it is necessary to engage in a personal scramble for self-preservation in the heat and turmoil of a general revision.

A tariff commission to gather facts in a systematic and intelligent manner for presentation to Congress as a basis for tariff legislation, so organized as to carry the conviction that it will produce fair and just results, will cure the worst evils of our present tariff-making system, and, if it is supported by public opinion, the pressure for special advantages will soon cease.

It is not many years since most of us were struggling for special rates or special privileges in railroad freights. To-day we have lost our special advantages, but are satisfied that we are all treated alike, and who would return to the old system?

The agitation for a tariff commission is based on the same inherent American characteristic which did away with cut rates on the railroads—a deep-seated conviction that all are entitled to equal opportunity and a willingness to respect an established authority which we believe is endeavoring to give just measure to all and special advantage to none.

THE PRESIDENT INTRODUCES REPRESENTATIVE LENROOT.

Now, gentlemen, I am not going to take any more of your time this morning. We have here with us to-day two friends who are speakers, and I am going to call upon them to say a few words to you. I don't know whether it is proper to say so, but I think the first one I am going to call on will forgive me if I say that he possibly is what is known as an insurgent. We prefer—he and I, because I am also accused of being an insurgent, and do not want to be called one—he and I prefer to be called progressives. I have done a great deal of work on the question of this Tariff Commission Bill with this particular man—you can call him what you please, insurgent, progressive, or call him plainly by his name—I want to say that I do not want to work with any man who is more sincere and more earnest and more

fair and more reasonable than Congressman Lenroot of Wisconsin. I will ask him to say a few words.

*THE ADDRESS OF THE HON. IRVINE L. LENROOT,
REPRESENTATIVE FROM WISCONSIN.*

Mr. President, and Ladies and Gentlemen: I am very grateful indeed for the kindly words just spoken of me by your President, and I want to assure him that there was no reason for asking for my forgiveness for calling me an insurgent. I have always been proud of it, and I am glad that in these later days that term has been relegated to the rear and the more pleasing term of "progressive" has been substituted in its place.

The country is to be congratulated upon the existence of your great organization and the services it has rendered in the settlement of one of the greatest questions of our day. Largely through the efforts of the National Tariff Commission Association the creation of an independent tariff commission, with ample powers of investigation, is practically assured at this session of Congress. (Applause.)

The need of such a commission is so clear, its value to the country so plain, and its beneficial effect upon legislation so apparent that it is difficult to understand why any one should have been opposed to it. Yet, as we all know, the proposition is bitterly fought to-day in certain quarters. We have abundant evidence that the large majority of manufacturers of this country are in favor of this proposition, for they want only a square deal. It is safe to assume that as a general rule any manufacturer who is opposed to it does not want a square deal, and is afraid that he is going to get it.

What you want—what we in Congress want—is information, real information, upon which to base our action in framing tariff schedules.

I am a Republican; I believe in the protective tariff system; but this information, this Commission, is just as necessary from a Democratic standpoint as it is from a Republican standpoint. It requires, I think, no argument to show that in view of the Republican platform declaration that tariff rates should be based

upon the difference in the cost of production at home and abroad, that we ought to know what that difference in cost of production is. We never can know, and we never will know, except by means of a tariff commission ascertaining those facts for us.

It will not be quite so clear as to the necessity of such a commission from a Democratic standpoint; but I insist that it is just as necessary. If the time shall ever come in this country when the people shall adopt the Democratic theory of a tariff for revenue only, then when it comes to applying that principle to tariff rates it is absolutely necessary to determine the limits within which that principle can be applied. We all realize that at one end of the line, or at the bottom, if you choose, is the free list, and they may start from that point and apply tariff rates in an ascending scale to a point where the rate applied ceases to be a tariff for revenue—and what is that point? That point is just above the difference in the cost of production at home and abroad, so far as competing articles are concerned. If they go beyond that point to any substantial degree, it ceases to be a tariff for revenue only; it ceases to be even a protective tariff; it becomes a prohibitive tariff, in direct violation of the theory of a tariff for revenue only. And this proposition can be fairly laid down, that from a Democratic standpoint the very maximum of a tariff for revenue only is the difference between the cost of production at home and abroad, and it is absolutely necessary to determine that maximum in order to apply the Democratic theory.

And this can be further said: that the maximum of a Democratic rate from a Democratic theory is the minimum of the rate applied from a protective theory—that is to say, the very lowest rate that we can apply from a Republican theory is the difference in cost of production at home and abroad. The very highest rate that can be applied from a Democratic theory is exactly the same thing—the difference in cost of production at home and abroad—and at that point those theories meet, and if our Democratic friends in the future and our Republican friends can agree that upon one hand there shall be applied the maximum that can be applied under the Democratic theory and the minimum that

can be applied under the Republican theory, then the difference between a tariff for revenue only and a protective tariff is the difference between tweedledum and tweedledee. (Applause.)

There is an organization in this country well known to us all—the National Protective Tariff League—which, through its official organ, *The American Economist*, takes the position that the creation of a tariff commission is a blow at the protective tariff system. If the protective tariff system cannot stand an honest, impartial investigation and disclosure of facts, then the protective system ought to be wiped out at once and forever. (Applause.) But the protective system has nothing to fear from such disclosure. The last issue of *The American Economist* had in its editorial columns an editorial from the *San Francisco Chronicle*, and I want to read the concluding words of it. It states:

“There is no probability of any early change in the present tariff act, or of any change at any time which is not brought about by the good old-fashioned compromises effected in the same good old-fashioned way.”

Let me dwell for just a moment upon that good old-fashioned way. One of the good old-fashioned ways was for certain highly protected industries to make large campaign contributions to both of the political parties, in return for which they were permitted to write their own tariff schedules.

Another good old-fashioned way was for both of the great political parties to make glittering promises in their platforms, all of them expiring by limitation the night of election day.

Another good old-fashioned way may be illustrated by one highly protected industry, in the framing of the Dingley Bill, securing one of its paid agents a confidential position in the Finance Committee of the Senate, and he himself writing the tariff schedules affecting that industry.

Another good old-fashioned way was for members of Congress, when a tariff bill was under consideration, to follow the

. . . “Simple plan,
That they should take who have the power,
And they should keep who can.”

A member of Congress would take the position that he would secure the highest duties possible in industries in his own district, and in return for that he would vote for the highest duties that any other member wanted upon products in the other member's Congressional district. That may be illustrated. During the last revision of the tariff, I remember one day a distinguished member of Congress from New England, who was much interested in securing free hides, came to me after the voting was over upon a certain proposition, and said, "Lenroot, I sold myself to the devil for free hides, and I have just found I didn't have to do it at all; I voted for things to-day that I didn't believe in—that were utterly unjust—because I thought it was necessary to secure free hides, and now I have found it was not necessary for me to consult his Satanic Majesty at all."

And that is true, and always has been true in a large measure, in the framing of tariff bills.

It is a matter of congratulation that the friends of the Tariff Commission plan in both Houses of Congress and the representatives of your Association have been able to work so harmoniously together in the consideration of this great question. This has been due in very large measure to the untiring work, the tact and the patience of your president, Mr. John Candler Cobb.

There has been no pride of opinion, no pride of authorship of bills; there has been but one desire on the part of all of us to secure the very best possible legislation for the country, and I think I can say that the friends of the Tariff Commission and the representatives of this Association are in substantial agreement upon the details of the bill.

There are three fundamentals, to my mind, that should never be surrendered. The first is the creation of an independent non-partisan commission; second, with ample powers of investigation (applause), and, third, publicity of the findings of facts found by the commission. (Applause.)

Upon the first two there is full agreement that we will never surrender either of those propositions, but will go down into defeat resting upon future public sentiment to force them, if they shall not be gained at this time.

Upon the question of publicity there are three views taken by the friends of a commission. One view is that the findings of the commission should be given to the public only when called for by the President or by Congress acting jointly. Another view is that these reports should be made when called for either by the President or either branch of Congress. The third view is that there should be annual reports of the commission giving the conclusions of the commission, so far as they have been concluded on any particular subject, and such other reports as the President or either branch of Congress may call for. I believe that publicity of the findings of this commission is a very important element in the plans. We have come to a point in this country where no matter of legislation, tariff or otherwise, can be enacted and blindly accepted by the voters upon the representations of leaders, however great or however honest those representations may be.

The people of this country, as never before, are thinking for themselves—informing themselves upon public questions. With reference to tariff legislation, they want the facts, and are entitled to the facts, and to know whether their servants in Congress are applying the facts in harmony with their party platform, whether they be Republicans or whether they be Democrats. (Applause.)

Personally, I do not believe that any concession short of permitting or requiring reports to be made when called for by either branch of Congress or the President should be made. I personally would like annual reports, subject to no Congressional action, but making it the absolute duty of the commission to report its findings to the public. That may not be possible at this time, but I do sincerely hope that the report will be required when called for by either branch of Congress or the President.

With publicity of these findings going to the voters of this country, and saying to them, "Here are the facts found by this independent Tariff Commission; here is the tariff schedule to which we have applied those facts," two things have been accomplished. In the first place, that publicity will insure an honest effort upon the part of Congress to make tariff rates square with the facts found by the Tariff Commission; and, secondly, it will

leave but one political question to be determined by the people of this country, that question being whether the Republican doctrine of a protective tariff shall be continued or whether the Democratic theory of a tariff for revenue only shall be adopted. And, as I said before, this information is equally necessary upon either theory. Now, I have talked longer than I expected. I only expected to say a word when I arose. In concluding, I want to make this suggestion—not a suggestion, for it is unnecessary—but to emphasize the fact that when this commission is created the need and the work of this great Association is not ended, but has just begun. Your services and your efforts will be necessary then in arousing and continuing a public sentiment that will act as a compelling force upon Congress to give due consideration to the facts found by this Tariff Commission, and if your great Association will do that I am sure that I am safe in saying that never again in this country will a tariff bill be framed in the old-fashioned way. (Applause.)

*THE PRESIDENT INTRODUCES REPRESENTATIVE
BURKE.*

THE PRESIDENT: Gentlemen, I am very glad to have had that speech made to-day, because your President has been criticised once or twice, and perhaps oftener, for working a little too much with insurgents, and I want you to think it over; I do not want you to give any reply to me now, but just think it over a little, and see if there is anything that has been said by Mr. Lenroot which would preclude the possibility of your working with him.

There are also a few members of Congress who are not insurgents. We do not hear so much about them, perhaps, but they are there, and among them is one who, I think, started his work for the Republican Party nearly twenty years ago as secretary of the Republican National Committee. Since that time he has been a leader in Republican national conventions and convention work, and in all that has to do with the Republican Party as a party in its strictest sense. Notwithstanding that, he is a man of great breadth of mind and a power in Congress in legislation

of all sorts. I take great pleasure in introducing to you Congressman James Francis Burke of Pittsburgh.

*THE ADDRESS OF HON. JAMES FRANCIS BURKE,
REPRESENTATIVE FROM PENNSYLVANIA.*

Mr. Chairman, Ladies and Gentlemen: I listened with very deep interest to the able address of my friend and colleague in the Congress of the United States, Mr. Lenroot, and when I heard these distinctions drawn by your chairman as to the regularity and irregularity, the progressiveness, the insurgency, and the standpatism of the various elements of the Republican Party, I was reminded in conjunction with your work of an incident that happened to a gentleman who was on his way home a short while ago rather late in the evening. He saw in the window of an art store a sign something like this: "Any old thing framed up in any old way." Being rather under the weather, he went in, and, addressing the proprietor, he said: "Can you frame up anything?" The proprietor replied: "We can." "Well," he said, "I have not been home for three days, and I wish you would frame up an excuse that will go with the old lady." (Laughter.)

Now, if the National Tariff Commission possessed no other virtue—and it does many—than that of furnishing a legitimate and proper excuse for bringing together every element of the Republican Party, I, as a member of the Republican Party, am grateful to you for what you have accomplished.

It is true I have been regarded in the Congress of the United States as a regular. I do not attach as much significance to titles as a great many other people do and I think in the last analysis there is far less difference between the various branches of our party than the American people think. I believe that, regardless of all our local and our petty and our partisan strifes, that whenever an emergency arises that has to do with the general welfare of the American people, we are all big and broad and generous and patriotic enough to rise above such prejudices and to do our whole duty to the nation of which we are servants. (Applause.)

For eight years the greatest center of protection in America

has honored me with commissions of service in the Congress of the United States, and I want to say to you that in honoring me with a place upon your program I appreciate the significance of both. I wish to say, too, that there is not a sturdier, a broader-minded, a more energetic, enterprising set of people any place on earth than among the hills and valleys of Western Pennsylvania. Pittsburgh may be called the citadel of high protection; but I say to you, knowing her people as I do, that no center of population in America will welcome more heartily the development of any scientific method that will throw full light upon our progressive protective system and the manner in which protective schedules are made. (Applause.)

In every part of that community there are monuments standing to-day, enduring monuments, to the protective principle of the Republican Party. I am not for destroying a single one of them; I am rather for maintaining them there in the future by the adoption of legitimate means that will be necessarily satisfactory to the great body of the American people. No tariff schedule that cannot stand the light of day should survive for a single moment. (Applause.) And no tariff schedule that has a right upon our statute books should suffer for a single moment the disadvantage of unjust or ignorant criticism.

I think we can all stand upon common ground regarding that proposition, and I advance this statement to-day: that, for the purposes at least of this argument, there is a general impression that there are items, and have been for all time since protective schedules have been framed—since tariff laws, by whatever party, have been framed—that impose unjust burdens here and there, and at the same time not only impose unjust burdens upon people dealing with commodities thereby affected, but they give rise to as great an evil of another character—that they serve to bring suspicion upon many of the virtuous items that exist and were properly written into the provisions of those bills.

We live in an era of light. Justice was never making as rapid strides as it is at this very hour. The American Congress may have had her shortcomings in the past, like all human bodies will have them in the future; but, in all the 130 years of her

history, in her struggles to brighten the paths and to lighten the burdens of men, she has written upon the bright pages of the world's history a chapter more substantial in its blessings, more sublime in its beauty, than was ever placed there by any legislative body from the dawn of creation to the present day. (Applause.)

The time will never come when the people of this nation will appeal in vain for the correction of any existing evil.

There are some objections to some of these measures that have been suggested by various gentlemen. I can see virtues in all of them, and I can see elements in many of them to be criticised. Yet, my friends, if I were to spend my time seeking out the things alone to criticise, finding methods by which I would be justified only in tearing down, I would never be able to construct anything in the way of legislation. I believe the great advantage of this age lies in the fact that the people are coming together, understanding each other more clearly, and aiding each other more cheerfully in the development of their mutual interests. The Congress of the United States has great problems to solve, as you are gradually realizing. Your body has a great many virtues that the Congress is gradually having its eyes opened to. We are understanding each other better, and—

When we see amid the evil all the golden grains of good,
We will love each other better, when we are better understood.

That is a doctrine upon which all of us can stand; and, making these strides in these directions, we are comparing our ideas, combining our forces, and I believe that in the process of that development of thought and action, which is resulting, the nation is being bettered and the world improving. As a Republican who believes in reasonable and proper protection, I believe the best way to protect protection is to have free trade in facts. (Applause.)

I believe in throwing open our intellectual ports of entry to ideas and information from all sections of the world, and I believe in disseminating that knowledge and that intelligence generally among the American people.

Now, it may be said that there are two fundamental objections to these bills. First, that it is impossible to administer them under the law. Secondly, that they are unconstitutional and infringe upon the rights of the Congress. As I said in the beginning, I am not worrying about titles. My friend Lenroot may call it a commission, and my friend Dalzell may call it a board; but, for my part, I am more interested in seeing it have teeth than having a title. (Applause.)

There has been the suggestion made that this body cannot ascertain facts. My friends, I have no apprehension upon that score. Whether it be given the power to subpoena witnesses and force the production of books—even if it did not, and I am not declaring myself one way or other upon the proposition, but I advance this suggestion—that whether it has that power or not, no industry in the United States, if this body is constituted as I know William Howard Taft would constitute it if he were given the power (applause), no industrial establishment in the United States would dare refuse to give to that body such information as it demanded regarding matters pertaining to articles being manufactured by it which were affected by the protective tariff schedules, and any industry or enterprise, individual, or corporation that would refuse to give that information would stand convicted before the American Congress as unworthy of any protection whatsoever.

A VOICE: How about getting the information from foreign countries?

MR. BURKE: I am perfectly willing to have the information come from any country, domestic or foreign. We need information from sources at home just as badly as we do from sources abroad.

A VOICE: How can we get it from foreign countries?

MR. BURKE: Well, my friend, that is foreign to my discourse. Some people have false ideas about the duty of Congress in reference to a tariff, as they have with reference to the mails. It is no more the constitutional duty of this Government to protect industries than it is to carry the mails, and the Congress has the same right, when it confers upon the people of this coun-

try the benefits of either, it has the same right to attach conditions in one case as in the other. If the nation finds that abuse or oppression is being practiced in conjunction with either one or the other, the Government has the right to terminate it by issuing a fraud order in the case of the mails and by repealing the law in the case of the tariff.

Some say it will impair the powers and the dignity of Congress. Why, gentlemen, it will have no effect whatsoever beyond simplifying and dignifying, if anything, the duties of Congress.

You clothe a ministerial body with the powers of the United States Government and it is bound, if its members are possessed of the ordinary God-given faculties, to acquire information where-soever they seek it. That has been the history of the American people since the Government was founded until now. When that information is acquired and laid before the Congress, instead of imperiling our powers and impairing our influence, it will have relieved the Congress in a large measure of multitudinous duties that attach to the examination of trifles in connection with the schedules; and, instead of long hearings for months, I am satisfied that where ten witnesses appear now only one witness would be necessary to be called then, by way of corroboration or rebuttal of the facts already ascertained.

It will not in any sense destroy the functions or the importance of the Committee on Ways and Means, and there is where I differ with some of my colleagues. It will not in the least deprive the Committee on Ways and Means of the right to investigate, to confirm, or to overthrow any finding. The right of Congress will still remain intact. If they say "Oh, well, it would be equivalent to conferring legislative powers upon the Commission," that objection is absolutely absurd. If it be objected that we have no right, and that it is not proper to receive information on tariff matters from a man through any such ministerial body of our creation, then I say that it is contradicted by the fact that every committee of the Senate and House of Representatives, from the time of their creation, have received information from the various departments of this Government and appealed day

after day for special information from men in the various departments of the Government especially enlightened on various subjects; and, if this custom has applied for a century, why should it not apply to the ascertainment of facts with reference to this great matter that affects the entire American people?

Another objection has been that it will cause business unrest. Business unrest, it is said, will come, because this body will be working constantly. The answer to that is furnished by an example now in existence. Two years ago the American Congress created a monetary commission, with power to obtain facts from all over the world with reference to all the financial institutions of the world, and with power to recommend to the Congress of the United States—the power to recommend, Mr. Chairman—such radical or reasonable changes as they may deem proper in connection with our entire financial system; and, while that commission is working to-day, gleaning its facts from all parts of the world, no banks are failing as a consequence, no panics are impending, but the commercial world is proceeding on the even tenor of its way and awaiting only the dawn of the day when the results will be known. (Applause.)

Another thing, gentlemen—it will benefit Congress in this: it will give us reliable information; and Congress, like other bodies, needs reliable information. The Congressman who closes his ears to information from any source, if it is earnestly and properly presented, is not fit to sit in either branch of the legislative department of our Government.

Congressmen are busy, as a rule. The best of them are the busiest—busiest in time of recess with their own private affairs; busiest in the time of the session with the discharge of their multitudinous public duties; and, that being the case, it is utterly impossible for them to devote all their time and their study to the mastery of all the details of all the various elements that are necessarily to be considered in the construction of protective-tariff schedules.

That being the case, this body will be a great relief and a great assistance, and my prediction is that in the end the result will be that improper schedules will be stricken down; that fair

schedules will be sustained; the power and the influence of Congress will be increased, and the American people will be all the happier because of the dawn of the new dispensation in the history of the tariff legislation of this country. (Applause.)

THE PRESIDENT INTRODUCES JOHN M. STAHL.

THE PRESIDENT: Gentlemen, that gives us the two sides, from the Republican standpoint, of this question. I think we are going to get our bill—don't you? I do not see any difference between the two that cannot be easily harmonized, and I think we are going to do it.

I am now going to call upon a gentleman who represents one of our organizations and a side of our work which is a little different from our business bodies, but just as much interested in the tariff—just as much a producer as those of us who are manufacturers. I may say that he is far more interested in the tariff than those of us who are distributors or traders. I refer to the farmers of the country. They have been earnest supporters of our movement. The Farmers' National Congress is a member of our organization, and the National Grange has adopted resolutions in entire sympathy with us, and I think there is no class in the community that has shown more earnest support of our movement than the farmers. I will ask Mr. Stahl, of the Farmers' National Congress, to speak to us for the farmers of the United States.

*THE ADDRESS OF MR. JOHN M. STAHL,
LEGISLATIVE AGENT OF THE FARMERS'
NATIONAL CONGRESS.*

Mr. Chairman, Ladies and Gentlemen of the Convention:
Very many farmers know me well; you do not know me at all, and as I do not want to appear under any false pretenses, I wish to say at the beginning, truthfully, without any show of false modesty, that I am not even a public speaker. I cannot even claim to be one of the class of eminent men such as have addressed you, or will address you, and such as you are yourselves; but I think

I can claim to be a farmer and a fair representative of the farmers, and this class, which is the most considerable class of our great common people, and therefore that majority of our people which in the framing of tariff laws has always been the unheard majority, has wished that some representative would come here, simply to let you know that we approve heartily of your work, that we have done what we could in our weak way to aid you, and to congratulate you on the near consummation of your able and patriotic efforts.

I find since I came here that there is a feeling in this Convention that it is all over but the shouting, and what few words I shall say will be to emphasize the few closing remarks of the Congressman from Wisconsin.

I want to say to you in all humbleness, but in all earnestness, that I am sure your hard work has just begun. Being the legislative agent for some years of the Farmers' National Congress—not the Alliance, Oh Lord! not the Alliance—I spent all my available time yesterday afternoon, when not attending your Convention, in calling on Senators and Representatives, and one of them, occupying such a position that his words are entitled to the greatest consideration, whose words could not have more significance considering existing conditions, said: "Oh, yes; we will give you your tariff commission, and at this session, but still you will find it a great disappointment, and you will find that it will not amount to anything."

Now, in some years' work among legislators I have found that it is best to treat even trivial conversations as confidential. If you never give away the Congressman or Senator you talk with, after a while he will talk with you more freely. I am not going to tell you who this Congressman is, but when opportunity offers I will give his name to your Chairman, and I know he will agree that the expression could not come from a source that should attract more attention or have greater weight with you.

Now, you are going to get a tariff commission; they all say that. You have been told that yesterday by a Senator, and you have been told that this morning by a Congressman. But those of you who have spent some time in matters of legislation will

know that an easy surrender is a most suspicious circumstance and should have your very alert consideration. (Applause.)

There are two favorite ways of Congress fooling the people when they can no longer ignore them. This very able and aggressive organization has worked up a thunderous, compelling public sentiment that Congress cannot ignore, and now it will fool you if it can. It has two favorite ways of doing it. One is to modify a bill slightly—so slightly, but so fatally—at the last moment, and the other is to nullify a law after enactment.

Now, as to the first: It is the most favorite method—that little change in a bill in the hurry and confusion of the last days of a short session—the bill you depended upon getting and that you thought you had gotten until it was all over with, and the bill you get, look so much alike that they often remind me of Jim and Joe, two twin brothers who were farmers in Illinois. Those two men looked so much alike that you could not tell them apart; in fact, the only difference, apparently, between them was that Jim had lost all of his teeth and Joe had not. Notwithstanding that, the only way to tell which was Jim and which was Joe was to stick your finger in Jim's mouth, and if he bit it was Joe. (Laughter.)

If you are not careful and absolutely more alert than you have been even as yet—and I would not for the world underrate your work—you will find that in the hurry and confusion of the last days of your short session they will give you a bill providing for a tariff commission and looking very much like the one you wanted, but after Congress had adjourned you will find it is different from what you expected. It is easy to make that shift in the last days of a Congress.

I spent the last week of the last session of Congress in Washington, because I was interested in killing some legislation, and, thanks to the hot weather, perhaps, we killed every bit of it. Whether it was due to the hot weather or not, it was apparent that frequently there were less than six Senators in the Senate and less than twenty Congressmen on the floor of the House chamber. I always say a good word for Congressmen. It is absolutely necessary, considering their work, that they spend a good deal

of their time in their committee rooms and in their offices, but that very fact that there were so few members in their seats made it easy—and such a condition always makes it easy—to modify a bill.

One day I went up in the Senate gallery. Senator Gore had objected to a clause in a bill providing for the sale of Indian lands, and he had been promised, as he understood, that that clause would be changed and readjusted to meet his objections. After the bill had slipped through, he learned accidentally that in slipping through there had been about six words changed, but, as he said, it made that clause 20,000 times worse than it was before. That was his language in reporting it to the Senate. In order to get attention he had to rise and make the assertion that an attempt had been made to bribe him in connection with that clause.

That simply shows how easy it is to change a bill at the last moment.

By the way, just to show how hard it is for Congressmen to remain in their places in the chamber, I want to say that this Congressman whose remark I gave you a short while ago is the chairman of one of the most important committees of the lower House, and it is well known that his committee during a great part of the session is the busiest committee of all. I called in the committee room of this Congressman about 4:30 o'clock yesterday, and found him occupied with two constituents. I called again at 5 o'clock, and found that they were still with him. I went and saw some other people, and then called again at 5:45 o'clock, thinking I might find him there, and I found those constituents still with him. His private secretary explained that they were two constituents from his district objecting to the appointment of a certain postmaster. Of course they were in a room, and I sat down in a committee room, and when the hands of the clock pointed to 6 o'clock, I got up to leave. The private secretary, noticing me, motioned to me and suggested that the Congressman would soon be at leisure. So I waited a little longer, and at 6.10 o'clock his constituents left. They had been with him since before 4 o'clock. He could not ignore them, of course; they were probably prominent citizens, but they took at least two

hours of his time to discuss an unimportant postmastership. When you consider that you will understand, I think, the necessity for a commission to gather facts for Congressmen, and in the framing of a tariff law your Tariff Commission is more important than a committee room.

One thing more: I want to speak a moment of the second plan—that is, giving you the law you need, and then nullifying it. I am saying all this because I am sure that those who have had experience with legislative matters will understand when I say that your hard work is just beginning. I hope that this alert, patriotic organization will not think its work has stopped because it gets a law creating a commission.

The second favorite system is to nullify a law after you get it, and notwithstanding the optimistic words of your Chairman and some others, I do not believe that getting a law and creating this permanent commission will change human nature. We have had a great many laws in the past twenty years, and if they have had a good deal of effect in changing human nature it has not been apparent up to date.

Those that have profited by what has been termed the old system of making tariffs will not give up easily. They have a very able and shrewd and adroit organization to defeat the purpose of your Tariff Commission after you get it.

That reminds me of an actual occurrence. I have been told that in Chicago, not long ago, an old peddler of shoe-strings and collar buttons noticed a new 22-story office building, and, knowing better than to go up in the elevator, he climbed up laboriously the twenty-two flights of stairs, and then started working the offices on the top floor, intending to walk down floor by floor, selling his goods. When he entered the first office, however, a man in uniform gave him a shove and a kick that sent him to the bottom of the top flight of stairs down to the twenty-first floor, and there another man in uniform picked him up and shoved him and kicked him down to the next floor, and there another uniformed man did the same thing, and so on until he had been kicked down the twenty-one flights of stairs, and at the bottom a man in uniform picked him up and kicked him out in the street.

The old peddler got up and looked up in admiration at the building, and said "Mein Gott, what a system!" (Laughter.)

Now, those of you who are mixed up in legislative affairs, especially national legislative affairs, will be inclined to say with the old peddler, when they regard the shrewd, hidden organization that has secured tariff laws and other laws, "What a system!" It is that very system which you have yet to overcome. It may work in the composition of your Tariff Commission. I do not think it will under the present President. (Applause.)

But there are some people in this country that think somebody else may be President some day and the system may have more influence with him. But that is not such a great danger as the control of the Commission. Now, right here we farmers have a little grievance. It cuts no figure, but is an illustration. You have your present Tariff Board, and as to the make-up of that Board there could not possibly be the least criticism. I really thought it would be impossible probably to have picked up three other men in the United States as good for the purpose. (Applause.) And yet they have been working for a long time, and what have they been doing?

They have been confining their investigations to wood pulp, which was thoroughly and laboriously investigated during the last session of Congress by a special committee having as much ability and greater powers than the Tariff Board, and farm products.

Now, we farmers do not allow to escape us the significance of the fact that your Tariff Board has ignored the schedules that it is notorious are most rotten and unjust—the lumber, the chemical, the sugar, the rubber, the steel schedules—and has fixed on farm products, which have had practically no effective protection.

I was speaking of that to a prominent member of Congress that has opposed any reform in the tariff making a rate low and he said: "Yes, we are pleased; your Tariff Board has begun just right."

But while I emphasize that there is work for you yet to do, I am sure you will do it. I have every confidence in this National

Tariff Association that it will not only get a permanent tariff commission, but the right kind of a tariff commission—a tariff commission that will not be wrongly controlled—and when you get that—and it will take you five years yet of harder work than you have done to get it, closer watching and more aggressive work, to arouse and maintain a public opinion that will compel Congress to heed and act on the information gotten by your Commission—then we will have a tariff law that will build up symmetrically our industries and our wealth, that will be founded on justice and equality, and then it will be found in our general and more solid prosperity, that it is true of a tariff as of all other things—that righteousness exalteth a nation. (Applause.)

THE PRESIDENT INTRODUCES JOHN KIRBY, JR.

THE PRESIDENT: Gentlemen, I want to call attention to the fact that our resolutions are to come up this morning. There was a little delay in getting them, so they have been misplaced on the calendar, and we have two brief speeches to be heard before taking them up. I hope you will all remain to consider the question of the resolutions that will be offered.

Now, gentlemen, it has been our custom in these sessions to hear once in a while from one of our own men, and I will ask one of your number, who is just a fair sample of the rest of us, to say something. I do not think he will claim to be any better or any worse than the average of the 300,000 members represented by our Association, but by some peculiar chance—I do not know just why it is—he has been just gradually selected and picked out for one thing and another in the way of business organization work until he has been chosen President of the National Association of Manufacturers. I am inclined to think, from my association with him on our board of directors, that that gradual continuous motion toward the top is possibly attributable to a certain "sootiness" of disposition and determination of purpose which has characterized his work with me on our Tariff Commission matter, and I understand from men who have worked with him on the Manufacturers' Association and other places that they have been up



JOHN KIRBY, JR.,
President National Association of Manufacturers

against it there—that is to say, when you are with him John Kirby is an awfully good man, but when you are against him you feel kind of sorry you did not stay at home. I will ask Mr. John Kirby, Jr., President of the National Association of Manufacturers, to say a few words to you.

*THE ADDRESS OF MR. JOHN KIRBY, JR., PRESIDENT
OF THE NATIONAL ASSOCIATION OF
MANUFACTURERS.*

Mr. President, Ladies and Gentlemen: It seems hardly necessary that I should be called up to speak at this Convention, for all that I may say, could say, has already been said in very much more eloquent form than I can say it. We have just listened to a man who says he is a farmer, and to look in his face no one would ever for a moment question that gentleman's word. Therefore, we must assume that he is a farmer; but, having had experience for a number of years along the lines that he has spoken of, I am frank to say that that farmer is on to his job.

I feel very much, after hearing the speeches of yesterday and last night, and particularly this morning, like asking leave to print. I would not feel that I were competent to handle this tariff-commission question at all before a body of this kind after such addresses, and certainly would not attempt to say much of anything about it without reducing it to writing, which I have done. I am going to ask your indulgence while I read a short address on the subject, covering most of the points mentioned, and perhaps I may be able to inject a new thought or two, although it seems that it is unnecessary, inasmuch as it has been stated from this platform and by the Congressman that the bill is practically passed. However, as Mr. Stahl has said, we know not what riders it will contain when it is passed.

Not always is the new way better than the old; but there are times when the beaten paths which for ages have been trod by nations or by men should be abandoned and new avenues opened up as guideways to future destiny.

The avenues through which our tariff laws have heretofore

been framed have become objectionable to the masses who must follow their trails, grope through their dark places, and journey over their rough surfaces.

Therefore, a new tariff-making avenue has been, is, and will continue to be demanded until there is one provided which shall be straight, clean, honest, and properly constructed for the purpose intended.

We are here to again consider the question of a permanent tariff commission as the proper avenue through which to cure many of the abuses incident to the present system of constructing tariff legislation, and to urge upon Congress the importance of creating, at this session, such a body, to be charged with the duty of ascertaining and compiling facts and figures, with relation to costs, prices, and conditions, upon which to base duties on the four thousand or more items included in the list of products affected by our tariff laws.

In other words, we are here to-day representing an overwhelming and constantly growing sentiment favorable to the substitution of practical business methods for the old and antiquated system of conducting one of the most important departments, if not the most important department, of the Government, and one in which is involved the collection of revenue to the extent of practically one-half the expense of running the Government.

Close observance of the discussions, conflicting opinions, factional differences, sectional ambitions, and general chaotic condition of the House and Senate during the effort to formulate the present tariff law, and which reflected conditions experienced in many previous attempts at tariff legislation, has created the general belief that there is something radically wrong with the system of machinery through and by which our tariff laws are framed and enacted; or, perhaps I should say, through and by which our tariff schedules and their classifications are established.

To many men who have given the subject attention, and who have a clear understanding of it, there is no doubt that the system heretofore employed is cumbersome, unscientific, and costly to the nation beyond further endurance.

The tariff is a business proposition; its ramifications are far-

reaching. Its primary purpose is to raise revenue with which to carry on the Government; its secondary purpose is the protection of American industries and labor against the lower industrial levels upon which competition with foreign countries is based.

If the tariff imposed upon imports is excessive, it will prohibit importation and thus defeat its primary purpose, but it will insure the greater protection to our home industries against competition from foreign countries. On the other hand, if the tariff schedules are below the normal line—that is to say, if they are lower than the difference between cost at home and abroad—the law of supply and demand operates to increase the amount of foreign-made goods and materials that are shipped into the country, and brings our home manufacturers and labor into keener competition with foreign manufacturers and foreign labor, thereby reducing prices and wages and creating a lower standard of values.

Under the latter conditions, where the duties imposed are maintained at a point not too much below that which is sufficient to give the foreign producer the advantage over the home producer, the Government will be the gainer in the amount of revenue it receives, because of the greater volume of goods imported into this country; and, while this condition would seem to benefit the consumer, it does not of necessity follow that such will be the case, because, as I have stated, of the lowering of the standard of values, which also means a decline in earning power and money circulation.

Nevertheless, the consumer who is not a producer, is inclined to favor the lower duties as being more advantageous. But, in considering this most important subject, we should not lose sight of the fact that the greatest eras of prosperity which this country has enjoyed have been under a high protective system; and yet it does not follow that the policy of high protection cannot be overdone, and even abused; for, in cases where articles are manufactured in this country at as low or lower cost than in a foreign country, and a monopoly exists which controls the price of such articles—there doubtless are some such cases—then it is reasonably safe to assume that a goodly portion, if not all, of the duty on such items will be added to the prices our people

will be called upon to pay for them; hence the monopoly becomes the sole beneficiary at the expense of the general public.

But, where free competition exists on such goods, the law of supply and demand will operate to protect the people's interests, and the matter of a high or low tariff duty is of little consequence, and except where the duty is sufficient to exclude their importation into this country the Government will be minus the revenue which otherwise it would receive from the importation of these particular articles, and the shortage must be made up either by duties on other articles or by some other form of taxation.

There is another phase of the question of high tariff. Take such articles as are not produced in this country, but which we must have; whatever duty is levied thereon must be added to the price at which they are sold; and, as we have neither manufacturer nor labor to protect, the people pay the bill without any compensating benefit except that which results from the revenue received by the Government.

As a matter of fact the intricacies of the tariff question are so deep and its ramifications so broad that they can be only approximately fathomed, even under the most skillful system of research and investigation, by men qualified for such work and devoting their entire time in studying conditions and compiling facts gathered from their investigations, and upon which can be based reasonable and proper tariff schedules from time to time, as conditions change, and from which schedules between the minimum and maximum rates may be intelligently applied by the executive in cases of reciprocal tariff agreement with other countries.

Any business man who has given the tariff question consideration will admit that it is a business proposition, pure and simple, and not a political one; that it should be handled in a way by business men, and that it should be removed from politics, so far as is possible to remove a government proposition from politics.

Practically one-half of the national revenue is derived from the tariff. This means about \$325,000,000.00 annually. It does not require a mathematician to determine the fact that a matter of such magnitude and commanding importance to the people of

this country should be committed to the care of a body of highly qualified and experienced men, properly organized and equipped with the necessary machinery and assistants to enable them to constantly gather facts as to conditions in all parts of the world upon which to base and change duties, so that our tariff levies may be so made at all times as to produce the best average results to our people.

If our present plan of tariff-making does not accomplish the best results obtainable, we should not permit it to be continued, no matter to what extent certain of our law-makers, for political reasons, insist upon its retention.

The Payne-Aldrich law, as has been the case with all previous bills, whether framed by Republicans or Democrats, was formulated without knowledge of the facts upon which an intelligent, equitable, and satisfactory bill should be based, and without the necessary time and means with which to obtain such facts. It was discussed and argued, for and against, according to the selfish interests of constituents who have been able to influence their respective representatives, some fighting for higher and some for lower duties on the same articles, and all without reference to the fundamental principles and information upon which such duties should be based, namely, the greatest good to the greatest number.

Both political parties have dealt with this complex problem in a purely political manner, and never had this vastly important question, which affects every industry and every individual in the country, been treated as a business proposition, in a business-like manner by business men.

What would be the result if a business corporation, one of whose departments involved the stupendous sum of \$325,000,000.00, should conduct its business after the fashion of tariff-building as it has been and is now conducted in this country?

Could any business succeed that would permit such a momentous department of its business to run along for six, eight, or a dozen years without a guiding hand, having a thoroughly equipped departmental organization behind them to keep in touch

with and adjust and readjust its business to the constantly changing conditions incident thereto?

I ask you, gentlemen, as business men, whither would any business drift if it had a department of such magnitude—or, for that matter, any magnitude—the prices, costs, and other details of which were fixed by a committee of stockholders, none of whom were experienced in the business, or had any knowledge of its intricate details, or of its actual requirements from the standpoint of success; and then, after a period of ten or a dozen years, another committee—few, if any, members of which were members of the previous committee, all of them without practical knowledge of the business, and all of them having various and sundry other occupations with which their time and minds were absorbed—should be appointed to revise or rebuild these schedules, to run for another like period? What would be the result of such a plan of conducting a business in these twentieth century days?

And yet that is the situation as it relates to our tariff-making. Does it require a philosopher to determine that the system is wrong in principle and most harmful in its results?

They tell us that the commission idea was tried in 1882; that it was a failure. But was it a failure? That commission was appointed only for a short time, and we are told that practically every one of its recommendations were adopted by Congress; that it reported to Congress the only specific classification of our tariff schedule that has ever been made since the Constitution was adopted, and that although it was made 29 years ago, it remains practically unchanged to this day. It was good then, but it is out of date now. And I would have you remember that the matter of classification of the tariff schedule is next in importance to the tariff rates themselves. Of this I am sure a moment's thought will convince all of you. Needles and automobiles should not be in the same class, nor should shovels and barometers be thrown promiscuously into a pot with watches and diamonds, and a uniform duty fixed on the whole conglomerate mass.

The thousands of items embraced in the tariff schedules must be classified, and their proper classification can only be made and

changed to meet changing conditions by men trained for the work by and through constant study and application thereto.

It has been argued that a tariff commission charged with the duty of ascertaining the difference between costs at home and abroad cannot procure the costs of foreign-made commodities; that foreigners will not give up such information for the benefit of their competitors in this country; that our home producers will not voluntarily give to a commission the cost secrets of their businesses, which, if extracted under compulsory regulation, will, they say, in most cases be unreliable and deceptive; and, while all this is to a considerable extent true, yet it does not necessarily follow that a studied, determined, and wise purpose cannot be accomplished when systematic and persistent means are employed to that end.

Neither does it follow that because facts in relation to costs of foreign products are not available from the housetops that no information can be had regarding any of the same at any time, if sought in the right manner, nor that our home producers will refuse to assist such a commission in its efforts conscientiously to arrive at conclusions calculated to contribute to the general welfare of the nation. They will do it, and they will do it voluntarily to a much greater and more reliable extent than such information can be gotten through subpoenas or other compulsory methods.

The National Association of Manufacturers sent a commission to Europe to investigate and obtain facts and statistics in connection with workmen's compensation, prevention of accidents, and kindred subjects, and the gentlemen comprising that commission brought back with them a record of the complete statistical experiences of thirty years of the various European countries in which such systems have been in operation. They went at the job right and nothing was withheld from them.

This may not and doubtless will not be the case with respect to data concerning costs to be used in relation to tariff matters; but much information can be had by going after it in the right way, while none will ever be obtained without diligent effort.

It is not to be presumed that a complete encyclopedia of data

and information on tariff matters can be gathered and put into practical operation in a few months, or even years; but it is to be presumed that "where there is a will there is a way," and the way lies in the formation of an organization of men whose life-work shall be devoted to the gathering and collecting of facts and figures touching this one particular question.

To say, as some men have said, that such a body, so organized and devoted to such a great and important work as the scientific adjustment of our tariff system, can accomplish no real benefit—not supply Congress with valuable and trustworthy information, such as will enable it to improve upon the present log-rolling, barter-and-trade system creating our tariff laws—is absurd and of exceedingly doubtful sincerity.

The present Tariff Board, temporarily constructed and handicapped as it is, has, in the few months which it has devoted to this feature of its work, demonstrated not only what can be done by a properly constituted permanent commission, but that such an organization is absolutely essential to the placing of this great and important department of our Government upon a practical and business-like basis.

The fact that the industrial progress of Germany in recent years is admitted to be due to her method of tariff-making through a commission should appeal to the common sense of our tariff-makers and influence Congress to respect the earnest and almost unanimous demand of the business interests and the general public, and gives the United States the facilities for a thorough and scientific investigation of conditions at home and abroad, which is the basis upon which Germany's tariff, admittedly superior to that of all other countries, is constructed.

As for myself, I am a protectionist; not an advocate of a tariff for revenue only, but a staunch believer in protection for American industries and American labor, based upon the exercise of common sense and practical business methods in applying the principle to the interests of our people, that tariff duties may be as free as possible from inconsistencies and economic errors; to correct which there should be a body created by Congress, composed of men thoroughly qualified for the work—a body which

shall be independent of and free from the corrupting power of partisan votes, free from the influence of special interests, and with only the one "charge to keep"—that of the welfare of the nation.

With the existence of such a body, call it what you please, confidence of the people in relation to the tariff will be restored and there will be general satisfaction with tariff legislation based upon the finding of such a body. There will, however, always be more or less murmurings and dissatisfaction with the tariff, no matter how constructed; but, if schedules are adjusted as errors are found to exist, independent of political influence and political trading, there will be no serious disturbance to affect business or create panicky conditions throughout the country.

At the second annual convention of the National Association of Manufacturers, in 1897, at Philadelphia, President Search spoke as follows, with respect to the tariff question:

"The relation of the tariff to the industries of the country is purely a business matter, and that it should ever be tinged with politics is a great misfortune to the manufacturing interests of the nation. I believe the necessity for taking the tariff out of politics and considering it upon a strict business basis never was more generally recognized than it is at present, and I believe that the views of those who accept the principles of protection, as well as those who are opposed to such theories, never were more marked by moderation than at this time."

Since that time that Association has steadfastly stood for the removal of the tariff question from politics and placing it upon a business basis. At its annual convention in 1907 it adopted a resolution favoring the creation of a permanent tariff commission such as is now advocated, and each year thereafter the Association has reaffirmed its position as expressed in that resolution.

At no time has the Association, or its board of directors, advocated or sanctioned any discussion of tariff schedules, having simply stood for the proposition that the making of our tariff laws should be placed upon a sound practical business basis, which, while affording ample protection to American industries, would enable Congress to frame such laws upon facts rather than

upon compromises and political jugglery, as has been too often the rule in the past, believing, as we do, that the people as a whole would have confidence in and be satisfied with the results of tariff legislation so constructed. It should be remembered, however, that the resolution adopted by the National Association of Manufacturers, to which I have referred, does not contemplate a commission having the power to fix tariff rates. That power is, by the Constitution, vested in Congress, and cannot be delegated to a commission. But the proposed commission can and should be empowered with the necessary authority to enable it to collect, collate, and present the facts to the Congress in such brief and concise form as to permit of little, if any, argument as to what duties should be imposed on each of the vast number of items included in the tariff schedule and also to properly classify them.

Can any sufficient reason be given why we should not have all the facts obtainable affecting this most important department of the Government, and is there any other practical way in which they can be obtained? If there is, it has not been suggested.

We have an Interstate Commerce Commission, a monetary and other commissions to do in their several departments just what it is proposed shall be done in the matter of tariff-making. Who would abolish any of them?

Now, then, in view of the foregoing reasons why a tariff commission should be created, why is it that Congress demurs? I am unable to answer the question, except that the tariff is a political asset which we think should be charged off. If this be so, then there should be such pressure brought to bear upon the Congress that it cannot resist the demands of the people, and you may rest assured that nothing else will ever create a tariff commission of the kind and with the powers which popular opinion is now demanding.

The permanent tariff commission idea has grown to be so strong in all sections of the country and is still gaining such rapid headway that it would seem Congress should yield to the expressed will of the great majority of the people, and at its present session provide for the creation of such a commission.

I venture the assertion that had this been done when the

Payne-Aldrich tariff law was enacted there would have been no such general dissatisfaction with the law itself, that there would have been no insurgents in the Republican party, and it would have commanded the approval and renewed the confidence of the people. There would have been no necessity for a campaign of apology and defense of the law if the proper non-political machinery had been put in motion to correct its errors, from time to time, as they may be discovered, until our tariff laws would eventually be upon a sound economic basis, where they could be maintained, through the same agency, substantially free from political jugglery and trading, and the frequent agitation and alarm heretofore felt by reason of the temporizing manner in which the people believe our tariff laws have been framed and enacted would have ended.

That the failure to do this was a lost opportunity, which primarily caused the defeat of the Republican party at the last election, will hardly be denied, and it is evidenced by the great change of heart which has taken place among many who at the time opposed the creation of a permanent tariff commission and are now favorable to the proposition.

Would not, then, the logical course for the present Congress to pursue be to recognize the fact that the people have lost confidence in the old system of tariff-making, and will never again be satisfied with any tariff law enacted under that system, and to further recognize its past errors by creating a commission such as was then, and is now, so strongly demanded, and in that way prove its willingness and ability to correct its own mistakes and re-establish the present dominant party in the confidence of the people?

It is never too late to mend; simply because we have been on the wrong track is no justification for always remaining on the wrong track. Therefore, having strong convictions as to the efficacy of a permanent tariff commission with powers to accomplish its purpose, let us "stand fast, stand firm, stand sure, stand true."



HOWARD ELTING,
President Chicago Association of Commerce

*THE PRESIDENT INTRODUCES
HOWARD ELTING.*

THE PRESIDENT: Mr. Howard Elting comes to the Convention practically as the representative of that great city, as he is accredited from the Chicago Association of Commerce, the greatest business organization of that city, and also the Paint Manufacturers' Association of the United States and the National Paint, Oil, and Varnish Association.

*THE REMARKS OF MR. HOWARD ELTING, OF THE
CHICAGO ASSOCIATION OF COMMERCE.*

My position to-day, gentlemen, no doubt is in no way different from that of many delegates to this Convention. As a paint manufacturer, I have been associated with the National Paint, Oil and Varnish Association, composed of many conflicting interests, for a number of years; in fact, in that organization the lion and the lamb lie down together. I mean that the much-discussed trust is a part of that organization, and in fact is just as necessary to the paint manufacturer as the paint manufacturer is necessary to the trust, as up to date we have not been able to get away altogether from lead and oil, although some good paint men do conscientiously claim that there are other raw materials that help us achieve as good results in our manufacturing business. Be that as it may, in that particular organization it would be just as impossible for "a camel to pass through the eye of a needle" as it would be to have any tariff committee draw up a report that would meet with the approval of even a dozen of its members, and as far as any discussion on the report is concerned, they would be talking yet—and it was three years ago when we began the discussion—if it were not for the fact that we have all been able to agree on one phase of this tariff question, and that is the necessity for the appointment of a non-partisan commission to thresh out this whole subject for us.

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Speaking for the *Chicago Association of Commerce*, composed of nearly four thousand firms, I would like to say that

their motto is "All for one, and one for all," a platform on which, no doubt, we may all stand to-day in dealing with this subject. As a matter of record, I should like to say that the Chicago Association of Commerce passed resolutions on November 30, 1908, as follows:

WHEREAS, It appears to be the sense of the business interests of the United States that a revision of the customs tariff by a non-partisan commission would best accomplish the purpose of equity and revenue; therefore,

Resolved, That it is the sentiment of the Chicago Association of Commerce, expressed through its board of directors, that the Congress of the United States authorize the creation of a non-partisan tariff commission, to which shall be entrusted investigations and recommendations introductory to tariff revision;

And be it further resolved, That a copy of these resolutions be transmitted to the commercial organizations of the country, with a request that similar resolutions be adopted and an organization be effected to carry out the provisions of these resolutions.

We stand to-day unalterably by these same resolutions, especially after hearing the able address of Professor Emery, when he spoke before our association on December 3 last. His explanation of the preliminary work done by his Commission and his conclusions, so far as he could draw them, after the few months' experience of the Commission, appealed strongly to the members of our association, and I can assure him of our patience as well as our hearty cooperation in the great work which he has begun.

We agree with him that it is a part of wisdom to "first survey the road before trying to make the dirt fly indiscriminately," and none of us, I am sure, after we have pondered carefully over what he has said, will expect the impossible from the Commission.

Probably every chairman of a tariff commission has used the phrase "scientific revision," and no doubt that did express a desirable change in the making of our tariff, but Professor Emery

has very clearly shown us that a mere statistical knowledge is not sufficient grounds on which to form a sound tariff judgment. As he says, "the tariff question is one of business and not of mathematics. The problem of how far an industry needs protection to keep it in sound existence, or what the effect of its decay would be, could not be settled by any algebraic formula."

Most of us have also been laboring under the delusion that the tariff can be taken out of politics, but such is not the case as long as we pass our laws by an elective representative Congress.

What struck me most forcibly as a manufacturer was the paragraph relating to the securing of data as to costs of production. That is the one question that bothers every one of us, and I am glad to see that he thinks he has worked out a scheme of cost accounting that may be adapted to the peculiarities of our various industries.

One thing that impressed all of us was that the work of the Board was being carried out along sound lines, with a full sense of the difficulties and responsibilities involved, and if we need any assurance of the courage of this Board we need but refer to the very last sentence of his speech, wherein he said: "We shall not depart from this resolve under orders or pressure from any man or any interest, nor any response to mere unthinking clamor."

Gentlemen, we believe this Board is working along the proper lines, and, speaking for the associations I represent, the present Board can feel assured that they have our hearty support.

We believe the publicity given to this great national issue has already created, and will continue to create, such a strong public opinion that the old system of log-rolling will be done away with, and in its place will come the permanent non-partisan Tariff Commission for which we have so long and so earnestly labored.

*THE PRESIDENT INTRODUCES DR. JACOB GOULD
SCHURMAN.*

THE PRESIDENT: Gentlemen, before we take up our resolutions, there is one side of this question which I think we all want

to hear, because it directly affects this cause. Some of us are getting pretty old; we may succeed now, and we all hope we will, but we want our cause to be permanent; we do not want to feel that if we fail this year, do not get our legislation, and do not get it next year, and do not get it the year after, that the cause is going to suffer, and it is a very great pleasure to us to feel that the boys are being properly educated to take up our work. If, twenty or thirty years from now, we get tired and worn out with old age and retire, we want to have some young men coming up who will take our places. It is a very great pleasure to know that the tariff-commission idea is being presented to our boys, I think, by most of the professors and instructors throughout the length and breadth of this land, and in no spot is it being done more effectively and more consistently and more directly than in that great university of New York State, Cornell University. (Applause.)

I am going to ask President Schurman, of Cornell, to say a few words to us on this subject in the closing of the morning session.

*THE ADDRESS OF DR. JACOB GOULD SCHURMAN,
PRESIDENT OF CORNELL UNIVERSITY.*

Mr. President, and Ladies and Gentlemen: I am very sorry that I have not been able to attend the earlier sessions of this Convention. Yesterday was Founders' Day at Cornell University, and I had to make an address on the occasion, so that I was not able to leave until near midnight. What I have heard of the speeches here since my arrival this morning makes me regret all the keener what I missed yesterday and earlier this forenoon.

I suppose, coming as I do at the end of the proceedings, I am very likely to repeat what others have said, but I know of no way by which we can grapple with this or any other question except by presenting it from our point of view, and I am going to ask, in the brief time I have at my disposal, three questions, and attempt to answer them:

First. Why we want an independent, permanent, non-partisan tariff commission.

Second. What it can do for us.

Third. What it cannot do for us.

Now, as regards the first of these questions, Mr. President, I want a commission of this kind because in my business I am used to consulting experts. A generation ago a college or university president knew all about his institution. To-day, in a community like Cornell, with between 5,000 and 6,000 students and teachers, that is impossible, and the university is so organized that the president gets the expert advice of disinterested investigators in relation to every question that comes before him, whether that question be an educational or a financial one.

Secondly. I want this commission because it is merely the application to the business of the United States of principles and methods which have long been in operation in private business, and without which private business would be a chaos of bankruptcy.

In the third place, I want this Commission because we know from the experience of other countries that it is the only satisfactory way by which a tariff can be made.

Germany and Austria have led us in this respect. Their form of government is different from ours. It is unnecessary for them to have a commission, organized as European governments mostly are, there is attached to every department a staff of permanent under-secretaries and officials, and the corps of that sort in Germany and in Austria are devoting their whole time and energy year in and year out to the study of tariff questions and the effect of tariff questions on the industries of the country.

I want this change, finally, because it would bring our Government from the position which it now occupies in this respect—an utterly unbusinesslike and unscientific position—into line with the demands of modern science as well as modern business. (Applause.)

What do we mean by science? We mean accurate, verified, systematic knowledge. The tariffs of this country have been made not on the basis of accurate, systematic, verified knowledge regarding the industries of the country; our tariffs have been

made by ignorance, by passion, by partisanship, by local selfishness, by prejudice, by jokers. It is a disgrace to our country, leading the world, as it does, in the magnitude and organization of its private business, that the public business should be conducted in such a scandalous manner. (Applause.)

And, secondly, I ask myself what cannot this Tariff Commission do for us? Some claims have been suggested in speech and in writing to which I do not give my adherence. I do not believe that this Commission—even if the bill passes Congress, as I hope it will precisely as now drafted—will take the tariff out of politics. There are other considerations, gentlemen, which will help to determine every tariff in the future as they have determined every tariff in the past. Let us suppose that this non-partisan, expert permanent Commission of ours has studied every one of these 4,000 articles embraced in the tariff, and has before us in print the differences in the cost of production at home and abroad, and such information regarding any and all of these commodities as would serve, in President Taft's happy language, to translate the tariff into English for the ordinary reader. What then? Are men in Congress, who represent the people, going to abandon the views they have entertained regarding the functions of government and its relations to the industries of the country? Not for a moment.

The free-trader will remain a free-trader, because he has all along believed that it was our Government's duty to leave industry free, and let our producers produce those commodities for which the conditions were favorable in this country, and let other countries produce other commodities for which the conditions there are favorable. Then let there be an exchange. I say the views of these people are not going to be materially changed by the conclusions of the Tariff Commission, however comprehensive and effective their work may be. Or, take the extreme protectionist. He believes that it is good to manufacture everything in this country, no matter how high the rates may be to make that possible. Senator Aldrich, an example of a protectionist, said when the Payne-Aldrich Bill was before Congress, that he would as cheerfully vote for a rate of 300 per cent as for

a rate of 30 per cent, if it were necessary to equalize conditions.

I am not criticising the legislature; I am illustrating my point by reference to his speech. I say that even when the work of the Tariff Commission is complete, there will remain unsettled in Congress, and unsettled in the public mind, how far it is wise for our Government to go in the direction of encouraging the manufacture of any and all products in our country, no matter how favorable the conditions may be.

And that is not all. Our country is becoming less and less agricultural and more and more manufacturing. Just in proportion as a country becomes more manufacturing, other questions will arise that no tariff commission can settle. One of them is the cost of living—for everywhere there will be a demand in industrial centers that the cost of living to the wage-earner be reduced to the minimum. No report of your Commission will eliminate that influence from the mind of Congress or the American public in framing a tariff.

These questions all remain. The question of the cost of production is one factor, and a very important factor, and perhaps I may say it is the most important factor, because it is the only one susceptible of accurate, scientific determination. These other issues which I have mentioned, and others like them, rest on theories of government, on prejudices, on partisan inheritances; they all exercise their influence. Science cannot very easily eradicate them; but when it comes to facts regarding the cost of production in this country and abroad, and the differences therein, you have a subject which is susceptible of accurate scientific determination.

These are the things, then, Mr. Chairman, the Commission will not be able to do, no matter how thoroughly its work is done. They will not be able to take the tariff out of politics or to construct what is sometimes called a scientific tariff; nor, consequently, will it interfere in the slightest with the prerogatives—the constitutional prerogatives—of Congress. All it will do is to divest Congress of the ignorance which has hitherto involved it when it came to construct tariffs.

And thirdly and finally—for my time is short—I ask myself

what can such a commission as this do, and what can it do at the present time?

Let me tell you two or three things I think it could do at once, or in a very short time. I will not say at once, because Professor Emery has explained that a certain amount of time is necessary if you are to get accurate results in this field, no matter how small the section you are dealing with is. There are things that such a commission could do, in my judgment, in the very near future.

Congressman Payne is a neighbor and friend of mine. He is not here; but if he were, I do not think he would bear me any ill will when I say the public are not satisfied with the bill which bears his name. They think—even protectionists, even Republicans in his own city of Auburn—that duties are unnecessarily high in some respects. Who knows? Here we are, an average set of men, with average intelligence. How many men in this hall—and still worse, how many men in any other part of this country not especially interested in this question as you are—could answer the question in any judicial way whether the tariff at present is satisfactory or not? I could not. I do not know the details. Who has gone into these 4,000 items and examined all the facts connected with them, and the bearings of those facts on the Payne tariff?

We need an expert, disinterested, non-partisan commission to tell us whether the present tariff of the United States is a just and proper tariff.

And, secondly, everybody recognizes that there are inconsistencies in it, that there are blunders of classification in it, that there are jokers in it of which even the framers of the bill had no conception.

It will devolve upon an expert tariff commission to bring these hidden mysteries to light.

Nor is that all. The people of the United States are to-day profoundly impressed with the conviction that the trusts are manipulating schedules and tariff rates in their own interests. (Applause.) I make no charge whatever, Mr. President; I am reporting the condition of the public mind as I find it. Whether

it is true or false I do not pretend to assert. That the belief exists and is the most active and dominant factor in American politics to-day is my personal belief.

What we need is a body of men as learned as Professor Emery, as judicial as the Chief Justice of the United States, sitting in judgment on this question and determining yea or nay whether, by means of the tariff, trusts are monopolizing commodities and raising prices to the oppression of the people, and, if so, to recommend the means by which these evils may be redressed (applause), and if not, to solemnly declare the public belief to be an illusion.

The facts, the whole facts, and nothing but facts—that is what we want in this matter abroad.

And finally, Mr. President, I think this Board will serve to enlighten us all about the proper place and function of the tariff in the American system of government. We have lived very much to ourselves in the past, and it has become a common saying that since the new century opened we have become a world power, and the inference is that before this we were not a world power. When that was the situation—when we did not have the international relations that we have to-day—the tariff was the biggest question that we had.

It has therefore been held by a great many persons that the tariff has been the cause of all our blessings, economical and political; or, on the other hand, the cause of our political and economic misfortunes.

A tariff commission, non-partisan, judicial, independent, will set the tariff in its proper relation and position before the eyes of the American people, and I believe that such a commission—although heaven forbid I should anticipate their verdict—I will venture to say will confirm the impression that scholars and investigators have long had in this field—namely, that the prosperity of the American people lies far deeper than any tariff or schedule. (Applause.)

The prosperity of the American people, gentlemen, lies in the inexhaustible resources of our continent, in the energy and intelligence of the American people, in the skill and industry of our

wage-earners, in the sagacity and splendid enterprise of the financiers and captains of industry, and in those institutions, educational and moral, which tend to keep alive in the American people, and active from generation to generation, patriotism, character, devotion to the public good. These things make America great; these things will perpetuate its greatness.

But while all that is true, the tariff remains no inconsiderable factor in the American financial and economic prosperity. It is important that we should have the question settled wisely. This non-partisan, independent, and permanent tariff commission is the only remedy that has been suggested for that purpose. It is sure, in my opinion, to prevail, because it is in harmony with the practice of private business—it is in harmony with the demands of common sense and of reason.

The old system of making tariffs—a system resting on ignorance and partisanship and log-rolling—is damned. Some one once asked Disraeli whether the corn duties were dead. “Dead,” he said, “dead and damned.” (Applause.)

THE REPORT OF THE COMMITTEE ON RESOLUTIONS.

THE PRESIDENT: Gentlemen, I think you will all agree with me that if we do not complete this work the next generation will complete it, if they are having such instruction as this put before them. (Applause.)

I want to say another thing: that I cannot imagine a more enthusing and more inspiring prelude to our taking up our resolutions, which is the next business on our program, and I will ask the Chairman of the Resolutions Committee if he is prepared to make his report.

Mr. Henry R. Towne, Chairman of the Committee on Resolutions, submitted his report as follows:

MY DEAR SIR: I beg to hand you herewith the Report of the Committee on Resolutions of the National Tariff Commission Association.

"To the Convention:

"Your Committee on Resolutions submits the following report:

"The National Tariff Commission Association, in convention assembled, in the city of Washington, January 11-12, 1911, more than five hundred delegates being present, representing more than one hundred of the leading agricultural, industrial, and commercial organizations of the country, all political parties, and nearly every State in the Union, reaffirm the resolution adopted by the National Tariff Commission Convention held at Indianapolis, Ind., in February, 1909, reading as follows:

" 'We demand from Congress, for the benefit of all classes of the people, and in the name of all American industry of farm, factory, labor, and commerce, the immediate creation of a permanent tariff commission.'

"We welcome the widespread change of public sentiment which, inspired and encouraged by the leadership of President Taft, has taken place during the two years since that Convention.

"We commend the action of Congress in authorizing the President to 'employ such persons as may be required' to assist him in obtaining information concerning tariff facts, and in making appropriations for the work, and the action of President Taft under the authority so given, in creating the present Tariff Board, and for the enthusiastic and continuing support he has given to that Board.

"We commend the existing Tariff Board for its splendid work in creating an efficient organization for the ascertainment of tariff facts, thereby laying the foundation on which may be erected a permanent tariff commission, and pointing the way for the full development of its intended usefulness.

"Recognizing and appreciating these facts, and the widespread sentiment of the people signified by the adoption in twenty-eight States, during the recent electoral campaign, of platform planks endorsing the proposal for a permanent tariff commission, and appreciating also that further legislation by Congress at this ses-



ALBA B. JOHNSON,
President Baldwin Locomotive Works

sion is required for the purpose of giving effect to the will of the people, thus expressed, we recommend the adoption of the following—

“RESOLUTION.

“We demand from the Sixty-first Congress, now convened in its final session, the enactment of a bill creating a permanent, non-partisan tariff commission having functions and compensations analogous to those enjoyed by the Interstate Commerce Commission, including the power to require the giving of testimony under proper conditions and safeguards, and for proper purposes; the functions of the Commission being the ascertainment of all technical, industrial, and statistical facts, necessary or useful to the Congress in the framing of tariff legislation, and to the Executive in the administration of tariff laws, the Commission to report the results of its work and findings to either branch of Congress or to the President, as called for.’

“Your committee commends and endorses the suggestion of President Taft that hereafter all revisions of the tariff shall be made one schedule at a time, so that Congress, having through the cooperation of the Tariff Commission complete, accurate, and impartial knowledge of all essential facts, and being enabled thereby to legislate intelligently, may deal with one subject at a time, undisturbed by the cross-purposes of conflicting interests inevitable under the old system, thus eliminating the worst faults in the present method of tariff revision.

“Therefore, your committee recommends the adoption of the following additional—

“RESOLUTION.

“We endorse the proposal of President Taft that hereafter the work of tariff revision, whenever required, shall be accomplished schedule by schedule or preferably one subject at a time, each subject to be so defined that items which are inter-related shall be grouped together, rather



D. A. TOMPKINS, CHARLOTTE, N.C.,
Vice-president National Tariff Commission Association

than by the sweeping revision of the entire tariff, to the end that revision may be accomplished in a more orderly, accurate, scientific and impartial manner, and without the disturbance of business inevitable to a general tariff revision.'

"Respectfully submitted, for the Committee,
"HENRY R. TOWNE, *Chairman.*"

THE PRESIDENT: You have heard the report. What is the pleasure of the Convention?

Upon motion, numerously seconded, the report was adopted.

THE PRESIDENT: It is a unanimous vote.

I understand that the adoption of the report carries with it the two resolutions.

MR. LUDWIG NISSEN: Mr. President, at the opening of this morning's session, in your report of the Board of Directors of the Convention you called attention to the enormous task of the Board of Directors in promulgating the principles for which this Association stands. It may be perhaps stated, without fear of contradiction, that no reform movement in this country has ever traveled so quickly toward accomplishment as the agitation for a tariff commission since the Convention at Indianapolis, less than two years ago. This result is not entirely due to the justness and popularity of the cause, although that has a very great effect; it is almost entirely due to the men who had the matter in charge. One of those men is by illness compelled to stay away from the Convention and is at home, and I think that it is due to this Convention that we send to our Vice-President, to whom I refer, a dispatch signed by the President of this Convention, as follows:

DANIEL H. TOMPKINS,
Charlotte, N.C.:

Your associates of the National Tariff Commission Association in convention assembled, regretting the necessity for and cause of your absence at this time, when the goal of this arduous labor seems near being reached, send greetings to you as one who has been largely instrumental in crystallizing public opinion towards the accomplishment of the end now in sight.



J. J. CULBERTSON,
President Inter-state Cotton Seed Crushers' Association

I ask that the Convention authorize the President to send and sign this telegram.

THE PRESIDENT: In putting that motion, I will say there is no greater sorrow to me in conducting this Convention than the absence of our Vice-President.

The question was taken and the motion offered by Mr. Nissen was unanimously agreed to.

MR. J. J. CULBERTSON: I offer the following:

The National Tariff Commission Association desires to convey to President Taft its high appreciation of his courtesy and hospitality in inviting the members of this Association, and their ladies, to a reception at the White House, thereby affording them the pleasure of meeting personally, in the environment of his official home, the honored Chief executive and First Citizen of the Nation.

I move the adoption of that resolution.

The motion was seconded, and the question being taken, it was unanimously agreed to.

MR. CULBERTSON: I also desire to offer the following:

To the Washington Chamber of Commerce, our host at the delightful luncheon of yesterday, the delegates to the National Commission Association Convention, jointly and severally, express their appreciation of the genuine hospitality extended, evidencing, as it does, a graceful act of courtesy to this organization and a living interest in the object for which this Association exists.

I move the adoption of that resolution.

The motion was seconded, and the question being taken, it was unanimously agreed to.

MR. CULBERTSON: I also desire to move the following:

The National Tariff Commission Association, in convention assembled, takes great pleasure in extending to the Honorable John Barrett, Director General of the Pan-American Union, a vote of thanks for his thoughtful courtesy in arranging for a reception to our delegates in the new building of the Pan-American Union, and in throwing open to inspection this magnificent and useful monument to international comity throughout the American continents.

I desire to move the adoption of that resolution.

MR. WILLIAM R. CORWINE: I suggest that we ought to include in that our regret at the illness of the Director of the Bureau of American Republics.

MR. CULBERTSON: I will be glad to accept that as an amendment.

I move the adoption of the resolution as amended.

The question was taken and the motion was unanimously agreed to.

MR. CHARLES F. COOPER: Mr. President, I have had something to do with conventions before, and I know something about the large amount of work that is necessarily involved in getting up such a fine program as we have had, and in arranging matters so that everything goes off smoothly, as has been the case in this Convention. I know somebody had to do an enormous amount of work, and I think we ought to extend a vote of thanks to whoever that is, and I should like to offer such a resolution.

THE PRESIDENT: I think if you will put in the name of the Secretary, Mr. Henry T. Wills, that you will have the right man.

THE SECRETARY: The Secretary wishes to say that he has been working with such good friends it has been a very great pleasure.

MR. COOPER: I offer the following resolution:

Resolved, That a vote of thanks be extended to Mr. Henry T. Wills, our Secretary, for the field work he has done in bringing the organization to its present strength; for the results he has attained in assembling here delegates from all parts of the country, and for the completeness of the arrangements whereby this Convention has been made such a success as to its program, the entertainment of guests, and the widespread publicity given the cause.

The resolution was unanimously agreed to.

MR. HOWE: In behalf of the Jersey men present and the Newark Board of Trade, I desire to say that our delegation have called on all our members of Congress and two Senators, and failing to find some of them in, we have sent to all a letter signed by all the delegates. We believe it is necessary that the delegates from every State should use every possible effort to convince their members of Congress of the necessity for this leg-

isolation, and we would suggest that delegations from other States might profitably pursue a similar plan.

THE PRESIDENT: You have heard, gentlemen, what Mr. Howe has said. Newark has always come to the front in the right way, and it is always safe to follow them.

At 1.20 p.m., upon motion, the Convention adjourned.

THE RECEPTION AT THE WHITE HOUSE.

Upon the adjournment of the Convention at the New Willard Hotel, the delegates, at 2.30 p.m., proceeded in a body to the White House.

When President Taft entered the East Room of the White House, where the delegates were assembled to meet him, the Hon. Curtis Guild, Jr., who accompanied President Cobb, addressed the President as follows:

Mr. President, as Chairman of the Reception Committee I have the high privilege of presenting to you the delegates of the National Tariff Commission Convention. We desire to call upon you, sir, to express our high appreciation of the progressive and courageous attitude you have taken on this occasion. We have closed our morning's proceedings with resolutions expressing that appreciation and suggesting a course in Congress that we believe is thoroughly in accord with your desires. The entire Union is represented in this Association. The delegates present here represent 39 of the States of the Union—all but the most distant States of the country.

PRESIDENT TAFT: Governor Guild and ladies and gentlemen, I am very glad to welcome you here, and to express my satisfaction that you have come for the purpose that you are here to carry out. I believe I am to have the privilege of meeting some of you gentlemen later on in the day, at a time when you may be—after dinner—a little more charitable. (Laughter.)

Therefore I will not detain you now with any other than the heartiest and sincerest expressions of pleasure in seeing you here, congratulations on your work, and an earnest hope that your coming here may be productive of the results indicated in your resolution. (Applause.)

THE RECEPTION AT THE BUREAU OF AMERICAN REPUBLICS.

Following the reception at the White House, the delegates marched in a body to the Bureau of American Republics, where in the absence through sickness of the Director General, John Barrett, they were received by Senor Francisco J. Yánes, Assistant Director, and his staff. Senor Yánes extended to the delegates the hospitality of the Bureau, and welcomed them heartily on behalf of Mr. Barrett and himself. He explained briefly the purposes of the International Union of American Republics, and spoke of the generosity shown by Mr. Andrew Carnegie in endowing the edifice.

Mr. John C. Cobb responded, first expressing regret at the illness and absence of the Director General and then his appreciation of the courtesies extended the Association. He dwelt upon the impression which the beautiful building was bound to have on the assembled guests who represented so many and such diversified interests, nearly all of which were affected by the development of the republics to the south of us.

After this interchange the building was thrown open to the delegates, who spent an hour or more in inspecting it.

THE BANQUET.

Thursday Night, January 12, 1911.

The closing event of the two days' convention was the reception and banquet held on the tenth floor of the New Willard Hotel. At 7 o'clock Thursday evening the guests assembled in the small ballroom, and spent an hour informally in conversation. At 8 o'clock the doors of the big banquet-room were thrown open, and those present took their places at the many round tables arranged in front of the long speakers' table.

When the coffee had been served President Cobb called for order, and the speechmaking was begun:

OPENING REMARKS OF PRESIDENT JOHN C. COBB.

Gentlemen of the Convention, we have finished two days of arduous labor. We have deliberated, we have considered and

debated important questions, and we have to-day passed our resolutions, thereby completing our work. We come together this evening, not to deliberate, not to labor; but, with the ladies who meet with us in the gallery, and the guests who sit here at the table with me, and those scattered among you, we are here to enjoy a feast of reason and a flow of soul. (Applause.)

I am going to begin this evening by an introductory word from one of our own number, who has worked, I think, more earnestly and more thoroughly than almost any one of us. I will not say that he has been as active in moving around the country as some of us have; but, for hard, consistent, patient, painstaking work to develop this subject of the Tariff Commission and to bring it to the front, no man has done more than Mr. Henry R. Towne, of New York. (Applause.) I present him to say a word to you as an opening of the speeches this evening. (Applause.)

*THE ADDRESS OF MR. HENRY R. TOWNE,
TREASURER OF THE NATIONAL TARIFF
COMMISSION ASSOCIATION.*

Mr. President: A bill for the creation of an effective and permanent tariff commission, if enacted, will be one of the important, possibly the most important acts of legislation during your term of office. It will mark the transition from the old order to the new in a function of the Government which, under present conditions, provides one-half of the national revenue, and which, more directly and vitally than any other, affects our agriculture, industry, and commerce, in all of their manifold activities.

PROFESSOR EMERY: To you, as Chairman of the Tariff Board created by President Taft, under the authority given him by the Sixty-first Congress, will remain the lasting fame of having served as the first official head, and as the organizer of this new department of the Federal Government, your work as such pointing the way to the greater and lasting achievements which are hoped for and expected from a permanent tariff commission.

MR. COBB: To you will remain the honor and satisfaction of

having served, for the past two years, as the President of that effective outcome of the Indianapolis Convention of February 16, 17, 18, 1909, the National Tariff Commission Association, the leading and vivifying power which has crystallized public sentiment in favor of a permanent tariff commission, which has marshalled and led the forces behind the movement, and the activities of which have culminated in the great Convention, of which this function is the closing event, whereby the sentiment of the country and the will of the people, concerning the creation of a permanent tariff commission by the present Congress, have so emphatically been indicated and expressed.

"The old order changeth, yielding place to new." The old method of framing our tariff began with the first tariff bill, that of 1789, introduced by James Madison, and adopted by a committee of the whole House after seventy hours of discussion. For 122 years the method so established has endured, the burden resting upon Congress, unaided by expert technical advice, official or otherwise, of weighing all the facts, or rather such fraction of the essential facts as the old system might bring to its attention, and of passing judgment on the evidence thus obtained as to the legislation which would best meet the financial needs of the Government and best promote the prosperity of the people.

But mark the changes since 1789 in industry and science, in engineering and manufactures, in man's knowledge and command of the forces of nature! How vast have been these changes!

From the windmill and water-wheel of early days to the steam-engine of Watt, of Corliss, of Wolff, and of Porter—to the titanic units of to-day.

From Franklin's first guesses concerning the nature of electrical phenomena to the discoveries of Ampere, of Faraday, of Sir William Thomson, of Tesla, and of Edison.

From the simple chemistry of the time of Priestley, still beclouded with the fallacy of phlogiston, to the discoveries of Dalton, of Lavoisier, of Berzelius, of Liebig, of Bunsen, and of Madame Curie.

From the metallurgy of the eighteenth century, but little

advanced from that of the alchemists, to the era of Bessemer, of Siemens, and of Holly.

From the needle, the hand-loom, the chisel and file, the sickle, and man's other first aids to manual skill, to the sewing-machine, the power-loom, the engine-lathe, the reaper, the typewriter, the cylinder printing-press, and automatic machinery.

From the horse and wagon, the sailing ship, and the canal-boat to the locomotive, the steamship, the automobile, the telegraph, telephone, and wireless, and all the new world of modern science, invention, and discovery.

Then our industries were primitive and simple; now they lead the world and are infinitely complex. Then we were almost exclusively an agricultural people; now, while still the largest agricultural nation, we are also the greatest industrial nation. Then we were importers of nearly all the manufactured products we consumed; now we are one of the greatest exporters, and are sending our manufactured products to every corner of the globe. Then we were an isolated people; now we are an intimate and leading member of the family of nations.

In view of these vast and profound changes it is not strange that the method of dealing with tariff problems which sufficed in our early days has been outgrown; that the need of a new and better method is imperative and should now be responded to. All other industrial countries which have adopted protective systems have followed the lead of the United States in the principle of their tariff legislation, but in doing so have discarded the obsolete *method*, to which we have adhered until now, in favor of methods better adapted to modern conditions.

The *method* adopted for determining and adjusting the tariff to the industries of a country has nothing to do with its policies—with high protection or low protection—but relates only to the accuracy and equity of the adjustment of duties, in harmony with the policy which may prevail, in such manner as equitably to affect all interests. Even if, in our case, the method determined the policy, which it does not, the question of free trade—the specter which haunts the minds of some, chiefly those who are either ignorant or wilfully blind—would not be involved. For

many years past approximately one-half of our national income has been derived from the tariff, and even those who favor the theory of free trade will admit that for many years to come some portion at least, if not a large part, of our national income must continue to be derived from this source. The policy of protection in the United States was first apparent in the tariff law of 1816, whose highest rate of duty was 20 per cent. From then until 1861 a fluctuating policy prevailed, but the Morrill tariff bill of that year was framed openly and intentionally for the dual purpose of revenue and of protection. All later tariff bills have avowedly been protective, including even the Wilson Bill of 1894. Any tariff bill now enacted, even on a revenue basis, would of necessity involve the element of protection.

But in the fifty years that have elapsed since the enactment of the Morrill Bill of 1861, what great changes have occurred, and what new conditions, complexities, and perplexities have arisen! Still more impressive are the changes which have taken place since 1800—what our tariff policy was in its formative period to the present day. In this interval our national domain has increased in area from 800,000 to 3,000,000 square miles; our population from about 5,000,000 to nearly 100,000,000; our customs receipts from \$9,000,000 to over \$300,000,000. This vast growth has been accompanied by even greater changes in conditions, as I have already pointed out, and has also developed many conflicts of interest, arising from the great expanse of our national territory and the differing industries and differing interests of its different sections. Our industries are no longer simple and homogeneous, but infinitely varied and heterogeneous. The finished product of one industry constitutes the raw material of others, and hence arises a conflict of interests calling for the highest technical skill and the most complete information concerning the facts, in order to insure the intelligent application to the problem involved of whatever tariff policy may prevail. In the leather schedules the interests of the cattlemen of Texas are equally entitled to consideration and justice with those of the shoe manufacturers of Massachusetts; those of the wool grower of Idaho with the woolen manufacturer of Rhode Island; those of the cot-

ton-growing South with those of the cotton manufacturers of New England; those of the consumer of bituminous coal in New England and California (who would like to procure it from their neighbors across our northern boundary) with those of the producer of bituminous coal in Indiana and Ohio (who would like to enter the markets of the Dominion). Surely all of these new and complex problems, so vitally affecting our industry and commerce, justify the adoption of a new and better method of dealing with them than that which sufficed during the early days of our primitive national life.

Granting this need, the question arises, What is the new method proposed? The answer is simple; the new method consists merely in recognizing and adopting the principles and usages of modern science in its application to modern industry, namely, specialization, research, technical study, and the expert determination of facts. Facts, *facts*, FACTS are the alpha and omega of the modern method. In 1866 I had the privilege, as a young student of engineering, of visiting, at his office in London, the Scotch engineer, David Kirkaldy, then an old man, the pioneer in the testing of the materials of engineering. Over the doorway to his private room was inscribed this legend: "Facts, not opinions." These three words embody the essence of the Baconian principle, which is the foundation of modern science and of the wonderful development which has been wrought in human industry.

As in engineering and modern industrial development facts have replaced empirical beliefs and rule of thumb practice, so in the tariff, which vitally affects all industries directly, and all other interests indirectly, we need and should have a basis of solid FACTS on which to build. It will be the function of the Tariff Commission to ascertain the essential and underlying facts, for the information, use, and guidance of Congress. In this regard the issue has been misunderstood and befogged. Under the Constitution only Congress can legislate. It cannot and should not delegate this power and responsibility. The functions of the Tariff Commission will be closely analogous to those of a commissioner, appointed by a court to take evidence and to make findings of fact based thereon. On these findings, so reported,

the court, or in this case the Congress, bases its decision and decree.

With the arguments in favor of a high tariff or a low tariff of protection or of free trade, the Tariff's Commission will have no concern. "*Tros Tyriusque mihi nullo discrimine agetur*" ("It is not for me to discriminate between Trojan and Tyrian"). Of the Tariff Commission it may truly be said: "Their's not to reason why," but simply in the words of Emerson to determine "the solid angularity of facts." Congress, and Congress only, is authorized under the Constitution to legislate; but to legislate intelligently and equitably Congress must be possessed of the facts. For the ascertainment of the vast array of technical and statistical facts which the problem involves, Congress and the country need and should have a permanent tariff commission.

But Congress is simply the agent, the actuary of the people, and it is they, the people, who must and who will determine the policy of the nation as between the opposing theories of high tariff and low tariff, of protection and of free trade. Here the *vox populi* is supreme, and in the end will determine the attitude and action of Congress. Whatever may be its note, however, the fact remains that, in order to meet our financial needs, for many years to come, the tariff, unless our entire policy of taxation shall radically be changed, must yield a substantial part of our national income, and, by common consent of all parties, should be utilized to upbuild and strengthen our national industries. To do this effectively, intelligently, and impartially, "with malice towards none, with charity for all," if Lincoln's immortal phrase may be applied, as I think it properly may, to this great national problem, we need as never before, and must have, a tariff commission to make the findings of fact on which Congress may legislate to give effect to the will of the people.

Incidental to the main proposition is the subsidiary but important one that hereafter the work of tariff revision should be accomplished "one schedule at a time." This method is approved and urged by President Taft, is supported by The National Tariff Commission Association, and has emphatically been indorsed by a large part of the people and the public press. It will constitute

a logical utilization of the work of the Tariff Commission by promoting a constantly closer approximation and adjustment of tariff rates to the ascertained facts in each industry, and to changing conditions as they arise.

The conditions which affect industry and commerce, and which in turn should influence and modify the various schedules of the tariff, are ever in a state of flux; they are rarely fixed, and never for long periods. They include the changes occurring in each important industry not only at home, but in each competitive country of the world. As examples of swift and vast changes in some of our domestic industries may be cited the following increments of production which occurred in the decade between 1900 and 1910, viz.:

Of silk goods, from 101 million dollars to 148 million dollars; or 40 per cent.

Of electrical machinery, from 92 million dollars to 185 million dollars; or 100 per cent.

Of pig iron, from 13 million tons to 26 million tons; or 100 per cent.

Of steel products, from 10 million tons to 24 million tons; or 140 per cent.

Of Portland cement, from 8 million barrels to 65 million barrels; or 700 per cent.

Of automobiles, from $4\frac{3}{4}$ million dollars to 240 million dollars; or 5,000 per cent.

Is it not both reasonable and desirable, when an industry is passing through a period of evolution so marked and profound as in the foregoing cases, that opportunity should exist for an intelligent and unbiased review of the facts as affecting, or affected by, the tariff; on the one hand to remove or modify any provisions needlessly or unfairly onerous to the industry, and on the other hand to guard the consumer, the people, against extortion? In such cases it would be the function of the Tariff Commission to ascertain and report the *facts*, and the function of Congress to take such action thereon, if any, as it might determine to be necessary or expedient.



CHARLES M. JARVIS,
President American Hardware Corporation

Above all, the method of tariff revision "one schedule at a time" would tend to minimize, if not indeed to avert, the demonstrated evils of wholesale revision at uncertain intervals, with its inevitable and often profound disturbance of all industry and commerce, a disturbance which exists and continues for many months preceding each impending revision of the tariff, and which in some cases is felt long afterwards. If so, we may believe that this change of method will tend also to a recognition of the fact that the individual schedules of the tariff involve issues that are those of business rather than of politics, and of the correlative fact that the choice between a policy of high tariff and of low tariff, between free trade and protection, is inherently and vitally a political issue, a question of national policy and politics of which the people, the whole people, are the sole and final arbiter.

The political pendulum is prone to swing to extremes. We have had a long period of high protection. There are those who predict that the pendulum will soon swing to the other extreme of free trade. In preparation for whichever policy hereafter may command the support of the popular majority, and to make sure that in any event the industries on which our prosperity is based shall duly be conserved, let us recognize that "now is the accepted time," by creating and making permanent an instrumentality whereby all future changes in the tariff, whether upward or downward, whether of one schedule or of all, shall be made by Congress on a basis of ascertained facts which will insure benefit and justice to all the people.

THE RE-ELECTION OF THE DIRECTORS.

MR. CURTIS GUILD, JR.: Mr. President, I have been asked to call the attention of this Association to an omission of our work of this morning. I mean in regard to the directors. Of course, our real directors are not sitting in that gallery (indicating), but in that gallery (indicating the ladies' gallery).

A year ago last July it happened to be my fortune to go to a Fourth of July dinner in Switzerland, and the toast that was then offered, far away from the United States, I propose to you now:

"Here's health to all things that are Yankee; here's a health to the eagle, the flag.

I will throw up my hat with the next man, and holler and bluster and brag.

But there's one toast that beats all the others, for as long as the Universe whirls,

The world drinks that one on its knees, boys;

Here's a health to our own Yankee girls." (Applause.)

Mr. President, seriously, we adjourned this morning without making any provision whatever for our future work, and therefore, as this movement is not temporary nor transitory, but serious, treating not merely with the issues of to-day, but tomorrow and day after tomorrow, in the insistence of a tariff based on truth, I want to move that the present Board of Directors of this organization be requested to serve as a Board of Directors for the coming year. (Applause.)

The motion was numerously seconded, and the question being taken, the motion was agreed to.

PRESIDENT COBB: Now, I want you to understand that I am elected, and that I am running this circus, and that neither Governor Guild nor any one else is to interfere with my future proceedings. (Laughter and applause.)

Now, gentlemen, let us get down to the serious questions. We are through with our work, and we want to hear from these gentlemen that we have with us this evening, and we want to know the conditions, as well as know what they think. The next speaker that I am going to call on is a man who has stood in the forefront of the Tariff Commission fight for a number of years—a man who stands as one of our ablest statesmen of the present time, a man who can tell us what we may expect in the future as well as any one, and a man whom I introduce to you as being one of our best supporters and our best friend, the Hon. Albert B. Cummins, of Iowa.

*THE ADDRESS OF THE HON. ALBERT B. CUMMINS,
UNITED STATES SENATOR FROM IOWA.*

Mr. Toastmaster, and Gentlemen of the Association: Undoubtedly my friend, your President, intended by his very kind

introduction to help me, but the truth is he has very seriously embarrassed me. I cannot admit these flattering things which he has spoken without appearing to be vain and egotistical. I cannot deny them, because they are so pleasant and agreeable. (Applause and laughter.)

It is quite true that for something like ten years I have been doing what little I could to promote throughout the United States the sentiment for a tariff commission, and while you feel good—nobody can doubt that—you do not feel half as good as I do. (Laughter and applause.) In the language of somebody whose name I have forgotten, but which can easily be supplied from the superior learning of my friend the Senator from Massachusetts or my friend the Senator from Indiana (laughter):

This is the day I long have sought,
And mourned because I found it not.

(Laughter and applause.)

I congratulate you upon the progress you have made in your campaign for a tariff commission. The end of your long fight seems to be in view, but I am heartily glad that you are not relaxing your efforts nor suspending your activities because everything promises so well. I hope that you will continue your work with undiminished energy until the Commission is an accomplished fact.

Inasmuch as I am a member of Congress, I am bound not only to concede, but to insist, that it is the best and greatest body on earth, and that it pursues its way steadily and consistently, but candor compels me to admit that it can, apparently, want a thing more and do less to get it than any other tribunal in the country. I am always fearful of the outcome when there seems to be unanimity of opinion, for I have been amazed to see how easy it is to agree upon a principle, and then hopelessly differ upon its expression and application. There is little difficulty in finding the right way to do a wrong thing, but immense obstacles are apt to appear when we are trying to discover the right way to do a right thing. Therefore I commend your persistency, and I recall the experience of a distinguished lawyer who, after



SENATOR ALFRED B. CUMMINS

being grievously disappointed in the decision of a judge who during the trial seemed to be all right, had occasion shortly thereafter to enter upon an argument in another case before the same judge. When the opposing counsel was presenting his argument, the judge made certain observations which indicated very clearly his inclination, and when our distinguished lawyer arose, with his formidable array of authorities, to reply, the judge said:

"Mr. Jones, it is unnecessary for you to consume the time of the court, because the court is already with you."

Mr. Jones, nevertheless, proceeded calmly to unfold his authorities, and the court again said:

"It is unnecessary to take up further time, because I am with you."

"Ah, yes," said Mr. Jones, "I know you are with me now, but the question is, will you stick?"

Just so ought you to feel toward the members of Congress. We are all right now; but it is your business to see that we stick to our avowed desire to create a tariff commission, and the closer you stick to us the more likely we will be to stick to you.

Beyond doubt the protective system has greatly contributed to the welfare and prosperity of the people of the United States. Beyond doubt it has been one of the most helpful factors in the development of our natural resources and in diversifying our industries. Beyond doubt it is founded upon a sound economic law. It is, however, one of the interesting coincidences with some of us that at the very climax of our dissatisfaction with the application of the protective doctrine we also experience the climax of our confidence in the wisdom of the doctrine itself.

When I look back over the legislative history of the United States and see how the doctrine has been abused—how it has been tortured into an instrument for the acquisition of ill-gotten fortunes; when I see it at one time vaunted as the sum of all patriotism and virtue, and at another denounced as the embodiment of all folly and crime; when I see it extolled by one party as the savior of American mankind, and by another as the most vicious enemy of the people—I marvel that it has maintained itself through these years of over-praise and over-abuse; of un-

scientific and unintelligent adjustment. Its preservation in the hearts of our citizenship and in the laws of our land can only be accounted for upon the hypothesis that it is fundamentally right, and neither the blindness of its friends nor the folly of its foes can overturn it.

It was long in coming, but it was sure from the beginning that there would come in the fullness of time a clear perception and an accurate definition of the standard of import laid for protective purposes. For years it was the generally accepted opinion that these duties could not be too high, and that the only possible mistake that Congress could make was in getting them too low.

In these times—and I am compelled to admit that these times continued until a very recent period—the plan seemed to be to allow the producer to name the duty that his product required, and he did not often commit the mistake to which I have referred. While he did not recognize any rule, he seems to have followed the practice prevalent in Pennsylvania, where I was born and raised, with respect to hauling stone for a cellar wall. The tradition there was to haul what you believed to be sufficient, then haul twice as much, and you would have just half enough. I may say in passing that there are some of the duties in the present tariff law which were fixed upon the Pennsylvania plan.

The long struggle for the announcement of a rule by which protective duties could be determined with justice to both producer and consumer culminated in the Republican National Convention of 1908, and since that time no real friend of the protective policy has been in doubt concerning it. It is not within the scope of my purpose this evening to discuss either the wisdom or accuracy of the definition. It is sufficient to say that those who believe in protection acknowledged and promulgated a rule for the application of the doctrine. From that moment the establishment of a tariff commission was as certain as the lapse of time. Under the old custom it could very well be said that we had little need of a commission, because Congress could ascertain just as easily what the producers wanted as a commission could; but the instant that it became a part of the faith of a protectionist that the duties should be the difference between the cost of

production at home and abroad, then the imperative necessity for a commission could no longer be denied.

Even those friends of protection who are not yet convinced that an adequate, independent, stable commission, with proper continuity and with full power to secure the desired information, ought to be created, must see, if they do not deaden their ears, conclusive evidence everywhere that the only chance for protection is in the belief among the people that tariff duties, if they are not already so adjusted, shall be so adjusted and reformed as to faithfully comply with this standard which the party of protection has announced. The protectionist who harbors the delusion that, having promulgated in our party platform the definition of just protection, we can successfully practice a fraud upon the American people by refusing to make the law conform to the definition, not only confesses his total ignorance of human nature, but at the same time proclaims himself as a conspirator against the common welfare. The political disaster suffered by the party of protection in the recent elections was largely, in my judgment, the result of a failure to fulfill in the tariff of 1909 the promise of the platform of 1908, and the partial overthrow of 1910 will become complete if we do not speedily make the people understand that we intend to redeem, in the near future, the pledge already too long neglected.

I can perfectly understand the attitude of men, and there are many of them, who contend that adequate protection would not be secured under the rule we have adopted, and who, therefore, have no disposition to inquire into the difference between the cost of production here and elsewhere; but it has always been impossible for me to reconcile adherence to the rule of our last national convention and opposition to a tariff commission. No right-thinking man can believe that without the aid of a continuous investigating body Congress can ascertain the difference between our cost and the foreign cost. It will be hard enough to do it with all the help that a commission of the wisest and most skillful of men can furnish, and the attempt to do it without such help is absolute proof that we are indifferent to our promises and

do not intend to make our duties measure the difference between the cost abroad and at home.

I believe profoundly that it is necessary to the progress and prosperity of the United States that our products shall be protected through import duties from the unfair, unequal competition of other countries; but I believe just as profoundly that our users and consumers must be protected against excessive prices by admitting foreign competition whenever domestic producers are not willing to sell at fair prices and for fair profits. Our producers can get along without a tariff commission if they are given the privilege of fixing the duties in which they are interested; but users and consumers must depend for their safety upon an accurate and scientific adjustment of duties. There can be no such adjustment without full knowledge of the conditions of production here and elsewhere. Congress cannot obtain the knowledge through its ordinary processes, and we are therefore impelled to this conclusion: if you want a tariff which takes into account the desires of the producers only, we can stumble along without a commission; but, if we desire a tariff which will at once protect producers to the point of fair profit, and guard users and consumers against the exactions of excessive profit, then a commission is the only practicable way through which we can accomplish our object.

May I suggest an allied subject which, though undoubtedly in all your minds, has not been made sufficiently prominent? The value of a tariff commission depends, not wholly, but largely, upon so changing the law or the rules of Congress that a tariff law can be amended one schedule at a time or one subject at a time. Under the parliamentary rules which now control Congress it is not possible to amend any item in the tariff law without bringing into consideration the whole range of duties upon imports. The right to propose amendments to an amendatory bill must be limited if we are to derive substantial benefit from the work of a commission. There are most excellent reasons against frequent general revisions of the tariff law. I need not recite them, for they are well known to every man of observation and experience. Under the influence of these reasons, years

will always elapse between general revisions by the same political party. It seems absurd to assert that we ought to tolerate a situation in which the commission, having investigated and made a report showing clearly that a certain duty is much too high or much too low, that Congress should wait ten years or more before it can undertake a correction. Long before such a period passes it may well be that conditions will change, and the work and report of the commission will become obsolete. It must be admitted that the only way in which to utilize the information acquired by the commission is to use it immediately, while it is true and while its application will bring the remedy desired. Any proposal to change tariff duties ought to be confined to those duties which we have reason to think are wrong and which are inflicting an injury, and the humiliating confession that we cannot touch the subject without terrifying or disturbing the entire business of the country, by taking up for consideration, debate, or rededision the duty on every article known to commerce, is one which we ought not longer to be compelled to make.

The tariff commission, if properly constituted, will perform another most important function in the trade of the United States. We are interested, not alone in protecting our domestic markets from unfair competition, but also in expanding our business and increasing our opportunities in the markets of other countries. More and more will it become necessary to stimulate exports as well as to regulate imports. The tariff commission ought to be an advance agent for all the producers of the country in their exports, as well as the guardian of their interests in imports. It will know the conditions abroad. It will know the obstacles in the way of foreign traffic and how to remove them. It can become, and I hope will become, a mighty influence for the general good.

THE PRESIDENT INTRODUCES SENATOR LODGE.

PRESIDENT COBB: Gentlemen, I leave it to you to decide—you have heard him—whether my introduction was justified or not.

The next speaker that I am going to ask to address us is a man whose experience in practical tariff legislation, whose experi-

ence in Congress, in the Senate, whose experience on the Senate Finance Committee, whose recent experience with our present tariff bill makes him as well equipped as any man in Congress to argue and present this subject to you. I will not speak of him personally, because if I did you might say it was personal pride, as he comes from my own State and is my own senior Senator. I therefore will simply ask Senator Lodge, of Massachusetts, to say a few words to us on this subject. (Applause.)

*THE ADDRESS OF THE HON. HENRY CABOT LODGE,
UNITED STATES SENATOR FROM MASSACHUSETTS.*

Mr. President, Ladies and Gentlemen: You are business men, representing great business interests and great business organizations, and therefore, without preface, I will come at once to the business which we are discussing.

The legislation which this Convention is gathered here to promote assumes the existence of a tariff—that is, it assumes that import duties are to be imposed on a large number of articles and, not like the English tariff, be confined to wines, liquors, and tobacco. It is, of course, impossible for me to speak from any point of view except that of a protectionist, because I am a protectionist in my convictions; but any tariff which can be imposed which affects a large number of articles must, in the necessity of the case, give more or less protection. In no party sense, but speaking purely economically, a tariff for revenue only is a mere phrase. It is possible to impose tariff duties on certain articles which, as they are neither grown nor made in this country, must be imported, like coffee and tea, and such a duty is purely a revenue duty and has no protective effect; but if duties are imposed generally, they must have a protective effect, and there is no method of imposing them for revenue only. If you say that you will impose five or ten per cent ad valorem, and that no duty shall be higher than that, you thereby give protection to some article produced or made in the country and absolute free trade to others. Moreover, I have found by experience that a revenue tariff is extraordinarily elastic, and that a really protective duty becomes a revenue duty only in the minds of those who accept that principle when it

reaches a local industry. I therefore put that system aside as economically impossible of attainment, and assume that any general tariff must, in its nature, afford some protection. What the measure of that protection shall be was defined by the Democratic party in 1884 when they said "the necessary reduction of taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than would be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this country." It was stated in the Republican platform in 1908 as follows: "In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries."

The measure of protection, therefore, being the difference in the industrial costs at home and abroad, the first object to be attained is to determine that difference by investigations which shall meet with general acceptance in their results. It is by a tariff commission that we hope to acquire this information at the hands of expert and independent investigators.

The two objections most frequently made to a tariff commission are that the results they report will not be accepted by Congress, and, second, that the policy will lead to instability in tariff rates. The first objection, I think, is owing to misapprehension due to the failure of the Tariff Commission of 1883. I say a misapprehension, because I do not think that people stop to consider the radical difference between that commission and what is now proposed. The Tariff Commission of 1883 undertook to make a complete revision of the tariff. They did it on insufficient knowledge—that is, on knowledge readily accessible to the committees of the Houses—and they undertook also to make a bill.

The result was simply to transfer the making of a general tariff, by defective methods, from committees to a commission. Nothing, of course, was gained thereby, and, as every one knows, the work of the Commission was rejected by Congress. The present proposition is totally different. It is to have a commission

which shall furnish us with information which none can question—which shall enable Congress to determine what the rates of duty ought to be, with a due consideration for the difference between costs abroad and at home.

It is not intended that the commission now proposed should undertake to prepare a general law, or any law, but should show to the country and Congress what ought to be done, and furnish Congress the information upon which the changes can be made. There is no relation between the Commission of 1883 and the present Tariff Board.

As to stability, nothing is more important than stability in tariff rates, and certainly if we consider the history of our tariff legislation since 1888, it would be difficult for any one to suggest that the present method of dealing with the tariff leads to stability.

Between 1888 and 1897 we had no less than four complete revisions of the tariff, and it would be difficult to conceive of greater instability in rates and consequent uncertainty in business than were produced by those four revisions in nine years of ceaseless agitation. After the passage of the Dingley Act we had ten years of stability before another general revision was threatened, and there is no question in my mind that that stability was an important element in the great prosperity of that period. It seems to me that what we want to avoid is having the tariff tossed back and forth between contending theories, and being radically changed whenever, as frequently happens, party control fluctuates with more or less rapidity.

If Congress acts only on the reports of a tariff commission and deals with the tariff subject by subject or schedule by schedule, these violent fluctuations will be in large measure avoided, because there is in the first place a great mass of items, like the free list, for example, which would not be touched except on a general revision. Another large body of items would no doubt be found on investigation by a commission to be now properly constituted, and instead of being unstable the new system would lead, in my judgment, to greater stability than we have ever known, and, therefore, to the assurance of an important element in business prosperity.

I have passed through five revisions of the tariff—on the last one I was on one of the committees which framed the bill—and it was that experience which brought home to me the firm conviction that we must change our methods of tariff-making. I do not underrate the hard work that is done by the committees or the thoroughness of their inquiries, but those inquiries are necessarily limited and the testimony which they receive comes almost altogether from interested sources—manufacturers, importers, or people who wish to have their raw material, which is somebody else's finished product, lowered or placed upon the free list. They furnish much valuable information, but it is inevitable that it would be somewhat colored, and it is never accepted as conclusive. One interest is balanced against another; one section is balanced against another, and comparatively few rates of duty are decided solely on their merits.

For this we ought to substitute a more scientific and intelligent system of tariff management. Our present method is unenlightened and unintelligent, and has long since been abandoned by the great commercial nations of Europe, which, like ourselves, deal with protective tariff.

For these reasons it seems to me that the establishment of a tariff commission as now proposed is not only a great and valuable reform in our methods of legislation, but will conduce very largely to stability in business, and therefore to business prosperity. (Applause.)

But we must not be discouraged by obstacles or by delay. Any great change takes time. As the Senator from Iowa has said, Congress moves slowly, but the way to secure legislation is by the intelligent and vigorous agitation of such bodies as are gathered here. We must show to Congress what enlightened opinion demands, and we must demonstrate to them the necessity of taking tariff details and rates of duty out of the uncertainties of politics. (Applause.)

The conflicting theories of free trade and protection must, I suppose, always remain in politics; but when the country makes up its mind that it will have protection or that it will have free trade, then let us take the details out of politics and no longer

linger in the absurd position in which we are now—that when we have passed a tariff law we cannot change it in any detail unless we revise the whole instrument and shake every industry in the country. (Applause.)

*THE PRESIDENT INTRODUCES SENATOR
NEWLANDS.*

PRESIDENT COBB: Gentlemen, as a Massachusetts man, I am proud of that statement. I am proud of the source from which it came, and I think that those Massachusetts men who are here to-night can join with me in expressing our gratification at our senior Senator's position.

We have in our number a great many delegates from Democratic States. We have with us men from Virginia, the Carolinas, Georgia, Louisiana, Oklahoma, Texas, and so on out to Nevada. Now a good many of our delegates from the South have written me letters, and have said to me, "Mr. Cobb, we believe in a tariff commission, but we are Democrats and we are Southerners; can you not have us represented at your meeting among your speakers?"

In fulfillment of that desire, I made inquiry at the Capitol among my friends and was told that the man of all men best fitted to represent that interest and to speak for the sentiment of our delegates from the South and Southwest was Senator Newlands, of Nevada. I will ask the Senator to speak to us, especially for his own delegates here with us to-night.

*THE ADDRESS OF THE HON. FRANCIS G. NEWLANDS,
UNITED STATES SENATOR FROM NEVADA.*

Mr. President and Gentlemen: When your President called on me at the Capitol a few days ago and asked me to be present and to speak at this banquet, I hesitated regarding acceptance, for I realized that most of the men here belonged to the party of protection, to which I have been opposed, and that as I belonged to a party theoretically devoted to the doctrine of a tariff for revenue only (laughter and applause)—and I observe that your response

underscores and emphasizes the word "theoretically," although that party, I must say, in its declarations and in its action has not always conformed to its theory—I felt that I might be embarrassed; but a moment's reflection convinced me that you would not meet here for discussing the principles which control tariff-making, but rather the methods and the procedure of tariff-making, and that right-thinking men of all parties might agree upon such methods and procedure. (Applause.)

For a long time I have believed in the creation of a tariff commission, and have on the floor of Congress urged action rather in advance of that which the advocates of a tariff commission are urging to-day. In this I have not claimed to represent my party. For like my friend Senator Cummins, of Iowa, I am sometimes "Insurgent," but I have contended that in the procedure of tariff revision we should follow the methods which we have pursued, and which we have found practical and successful regarding the revision and reduction of rates of transportation, and I have insisted upon it that we should recognize a commission analogous to the Interstate Commerce Commission, with powers of investigation, of ascertainment of facts, of condemnation of excessive rates and the substitution of reasonable rates, pursuing a rule laid down in the act itself by Congress, thus making the Commission the servant of Congress in the exercise of a high legislative function and an efficient instrumentality for carrying out legislative power.

I was greatly gratified this afternoon, in reading over your resolutions adopted to-day, to find in the opening sentence this statement:

"We demand from the Sixty-first Congress, now convened in its final session, the enactment of a bill creating a non-partisan tariff commission having functions and compensations analogous to those enjoyed by the Interstate Commerce Commission." (Applause.)

Now, what are the functions enjoyed by the Interstate Commerce Commission? Twenty-three years ago, against all the opposition of the transportation interests of the country, we passed the Interstate Commerce Act, an act exceedingly guarded

in its provisions, and yet opposed by the transportation interests of the country as full of menace and danger to them.

We gave that commission at the start simply the power to investigate and the power to condemn a rate when unreasonably high, judged by the standard fixed by the act. We gave it no power to substitute a reasonable rate. A transportation company, after the condemnation of a rate, could fix a new rate an infinitesimal percentage below the existing rate and comply with the decision of the Commission; and then again the work would have to be gone over—the condemning of the new rate as yet unreasonably high.

As the result of a prolonged agitation, after years of effort, Congress gave to this commission the power, upon the complaint of shippers, not only to condemn a rate as unreasonably high, judged by the standard fixed by Congress, but the power to substitute a new rate, a reasonable rate. And, later on, it gave the power to the Commission, upon its own initiation, not only to condemn a rate as unreasonably high, but to substitute for it a rate determined by it to be reasonable under the standard fixed by Congress.

The opening speaker stated in his address that all you want is facts, facts, facts—facts, not opinions—and yet you demand of Congress that it shall give to this Commission all the functions needed by the Interstate Commerce Commission. Did we give the Interstate Commerce Commission only the power to inquire into facts? No; we gave them the power to act under a rule of Congress, and we welcomed their recommendations to us as the recommendations of experts, with full knowledge of the transportation conditions of the country. And it seems to me that wise judgment demands, whilst we are framing this tariff commission, we should give it not only the power to ascertain the facts, but we should give it the power to make recommendations to Congress upon those facts. (Applause.). And we should also give it the power, under a rule fixed by Congress, of considering a rate alleged upon the complaint of importers or consumers to be unreasonably high and condemning that rate, reducing it to the standard fixed in the act itself by Congress. (Applause.)

But it is said this involves the delegation of a legislative function by Congress to its servant. Not so. It is the intelligent exercise of a legislative function. The law in its high sense is a rule of action, and, when Congress in this law creating this servant fixes the rule of action upon which its servant can act, it discharges its highest function in the most intelligent way. (Applause.)

Is it possible for us in this law to fix the rule of action? Of course, I would not have Congress go rashly into the entire subject of duty-making. We have to-day a tariff with a free and a dutiable list. We have a tariff divided into, I believe, thirteen different schedules, logically arranged. We can take that tariff as a basis for our action, just as Congress, when it passed the railroad commission bill, took the existing rates fixed by the railroads themselves as the basis for their action; and then, without giving this Commission any power over the free or the dutiable list, reserving to Congress the entire power of changing from the dutiable to the free list, and from the free list to the dutiable list, reserving to itself the entire power—a power which it could not part with—of revising the tariff either by schedule or by general revision, Congress can fix a rule under which this Commission can hit the high places of this tariff, and can under that rule, without coming back to Congress and subjecting the country to all the uncertainties and dangers of general tariff revision, reduce the duties which are demonstrably high according to the standard fixed by Congress.

Now, what is that standard? Why, that standard would depend upon the view of the party in power. That standard would be the standard of the Republican party to-day. It would be the standard of the Democratic party, I trust, after 1912. (Laughter and applause.) And the obligation does not rest upon us, Thank God, of now framing the rule, although I admit in all candor that we ought to be compelled to frame our rule definitely and decisively before the people trust us with power. (Applause.)

But you have to deal to-day with the Republican party in power in both branches of Congress and in the executive depart-

ments. What standard have they fixed? Why, the standard fixed in the recent national platform—the difference in the cost of production at home and abroad, with a fair profit to the manufacturer added. We can place that standard in your commission act and instruct your commission, after ascertaining the facts, that if any of these duties are in excess of that standard to so declare the fact and then by operation of law declare that the rates conforming to that standard shall from that time onward be the duties attached to these particular articles.

If it is thought desirable to gradually bring about the reduction of excessive duties under the standard fixed by Congress, the law can provide for the reduction in installments extending over a period of years, greater or less. If it is feared that some reduction may be improvidently made and that it will invite a flood of importation, to the serious injury of existing American industries, a safety brake can be provided by directing the President, whenever the importations under a reduced duty increase over a certain percentage, to stay the reduction and report the same to Congress for its action. In this way we will not only have the ascertainment of facts and recommendations thereon by a competent board, but we will also have, without further Congressional action involving a renewal of the entire tariff agitation, a process of gradual reduction of duties which, judged by the standard or rule declared by Congress, are found to be excessively high.

Congress, by the creation of a tariff commission with such powers, will not abdicate its own powers regarding customs duties. It can at any time, if it chooses, either with or without the aid of the Commission, write a new tariff or revise the existing one, just as Congress can to-day, if he chooses, make a schedule of interstate railroad rates for the entire country.

The railroad-commission bill furnishes a model for the action of Congress upon matters involving minute and scientific investigation. Had we followed the same method regarding trusts that we followed regarding railroads, we would have made much better progress in trust regulation. The anti-trust act was passed 21 years ago, about the same time that the railroad commission

was organized. The railroad question is practically settled; the settlement of the trust question has hardly been commenced. Had we submitted the administration of the anti-trust act to an impartial quasi-judicial tribunal similar to the Interstate Commerce Commission, instead of to the Attorney General's Office, with its shifting officials, its varying policies, its lack of tradition, record, and precedent, we would by this time have made gratifying progress in the regulation and control of trusts, through the quasi-judicial investigations of a competent commission and through legislation based upon its recommendations. As it is, with the changing incumbency and administration of the Attorney General's Office, oftentimes purely political in character, we find that the trusts are more powerful to-day than when the anti-trust act was passed, and that evils have grown up so interwoven with the general business of the country as to make men tremble at the consequence of their disruption.

I am aware that there is an unwillingness upon the part of Congress to create commissions. This unwillingness arises from the false assumption that the creation of a commission means the delegation of legislative power. No assumption could be more erroneous. Such commissions act as the servants of Congress and are its efficient instrumentalities for carrying out its powers.

THE PRESIDENT INTRODUCES PRESIDENT TAFT.

PRESIDENT COBB: Gentlemen, the President has arrived (applause), and Senator Newlands has asked that the President proceed with his speech forthwith, and I wish to say one word before asking him to speak to us.

I wish to say that those of us who have been engaged in this work for a tariff commission first took real courage and real hope from the words of Hon. William H. Taft (applause), given to us before he became our President. From that day to this his support of this measure and his belief in our cause has been our inspiration and our hope. The confidence that he has shown in this, as in all matters—that the right will prevail, that the best will come to the front—has been, as I say, our inspiration and our hope, and I believe with his assistance and with his strength

in our cause we are on the eve of the consummation of the objects for which we have worked.

I introduce to you the President of the United States.

*THE ADDRESS OF THE PRESIDENT OF THE
UNITED STATES.*

Mr. Chairman: I want to express my gratitude to Senator Newlands for the courtesy that he has done me in yielding. I appreciate it highly, because I know how much a Senator values the floor. But I have dictated what I have here, and this is all. The danger is when a man is not limited by a manuscript. So I hope those that expect to get away at half-past twelve will not be delayed. Senator Cummins whispered to me as I sat here, "I'm glad you don't know what I have said." I don't know what he said, but I venture to say that he has not said anything very different from what I shall say.

Before beginning what I have written I should like to express my gratitude to this Association for their very cordial resolution passed to-day, which I was able to see before I came into the hall. I thank you for your sympathy. (Applause.)

Gentlemen of the Tariff Commission Association, I sincerely hope that your efforts here may be successful. I do not understand that you are here to advocate any economic theory to govern in the imposition of customs duties. I do not understand that you are either a free trade or a protective organization. What I do understand is that you are here to insist that Congress shall provide for itself an instrumentality by which it may safely and certainly secure the truth in respect to the operation of a general customs law, whether that law is framed on the theory of protection or on the theory of tariff for revenue only. (Applause.)

You desire the establishment, with governmental support, of a source of correct information as to those facts that are important in determining the operation of customs duties upon the business of this country, which shall enable any proper authority in the Government, whether Congress or either House of Congress, or the committees of either House having charge of a tariff matter, or the Chief Executive, at any time to procure statistical and

other information as to the cost of production of articles abroad, the cost of production of articles here, and all the other facts which are useful in framing a tariff bill on any economic theory. (Applause.)

I understand your desire is that this body of gentlemen, whether you call them a board or a commission or an office or an agency, shall make it their business to collect this information continuously, so that their records, after they have been once brought down to the present time, shall thereafter be added to from month to month and from year to year, and shall be thus made to contain the means of giving promptly upon request a reliable résumé of the then existing conditions in respect to foreign production, in respect to domestic production, in respect to foreign prices, in respect to domestic prices, and the correlation between them and the effect of the existing tariff upon domestic trade. (Applause.)

Your hope would be that the members appointed to this Commission would not allow political bias or tendency or pet economic theory to affect them in the accumulation and analysis of the facts. (Applause.) You do not desire, if I understand your present resolutions, that these men should fix tariff rates or recommend rates to be fixed; you desire only that they should furnish the correct information upon which the body constitutionally charged with fixing tariff rates may properly act, so that the public may have the truth from the Tariff Commission, and then advise itself how Congress shall have acted with respect to that truthful presentation of premises for its action.

You do not desire, if I understand your position, that the Tariff Board or Commission should make an annual report as if it were engaged in the initiative with reference to changes of the existing tariff. The initiative in that matter lies, and should lie, with Congress.

But what you desire is that when Congress, or either House of Congress or its proper committee, takes the initiative it shall have a reliable source of information to which to turn in order to know whether changes should be made or whether the existing conditions should continue.

There are those who oppose the existing tariff and criticise it severely. There are those who uphold it as a fair measure on the whole. Now it seems to me that both may logically and properly support the creation of a commission whose findings, if the former are right, will indicate the necessity for tariff changes, and that the latter may well and consistently support the same Commission with the hope and belief that its investigations will show that the present tariff is not unjust or unequal in its operation, or, if so, that it is only so in the case of a few schedules.

In other words, the Tariff Commission movement is the seeking of light where, in the absence of such an expert and impartial investigation, there is almost certain to be darkness and mystery engendering suspicion among the people.

I am not one of those who expect that the Tariff Commission are going to reform the whole situation in such a way that we are to receive from them with mathematical certainty the exact difference in the cost of production here and abroad, or other circumstances that are useful in framing a tariff bill. Matters of that kind are necessarily matters not of exact ascertainment, but of judgment and general average. But I do hope that, if the bill passes, the results of the labors of the Commission will be such that the Congress will have sufficient information to reach a general average of fairness and justice, and that the people will have a reliable means of judging of the correctness of the action of Congress. Then if Congress shall depart from the economic theory of a majority of the people in the action taken upon this reliable information offered, the people will have recourse to the method adopted so often in the past—that of turning out the party in power and putting in a new party to carry out the then prevailing popular theory. (Applause and laughter.)

But it is of the utmost importance that the action, both of Congress and of the people, shall be taken on reliable evidence. Anything that tends to make that evidence and the conclusions from it fairer and freer from political bias ought to be encouraged. (Applause.)

I quite agree with this Association in favoring a considera-

tion by Congress of separate schedules or separate subjects-matter affected by the tariff, so as to prevent the action upon one schedule from being unduly influenced by promised action upon another. (Applause.) It is impossible to avoid this in a general revision. We can deplore so-called log-rolling as much as we please, but human nature is disposed to compromise, and where there are a very great number of articles subject to tariff, and some members of Congress are interested for their localities in the tariff on one, and others in the tariff on another, it is not unreasonable to expect that the joint result will be a compromise as to both, and in such compromises the interests of the country at large and of the consuming public will not be carefully preserved. (Applause and laughter.)

Therefore, if we can take up one general subject-matter or schedule under the tariff and have it disposed of in each House on its merits, I believe we are likely to reach a fairer conclusion than under the system of general revision of the entire tariff at once. How this can be brought about and what rules should be adopted in each House to effect it, I have neither the time, the knowledge, nor ability to discuss. I hope, however, that some such solution may be reached.

What I am most anxious to avoid in the present movement is a defeat of the bill growing out of a difference as to details. There are many differences of opinion as to details of proposed bills conscientiously entertained, and that are regarded as very important. A discussion has arisen as to what the name of the body should be. I am indifferent to this. A discussion arises as to whether the body thus constituted should have the power of summoning witnesses and of punishing them for contempt. My own impression is that this manner of obtaining evidence is not the most reliable and is not likely to be productive of useful information, because the form is necessarily suggestive of hostility to the witness, and the answers of a hostile witness are not full of accurate and unbiased information. Nevertheless, if it is thought useful, I do not object to giving the power to the Commission to call witnesses and to put them under oath. The reference of power to punish a witness for contempt in failing to

answer to the action of Congress is a wise compromise. I value very highly the suggestion of giving to the Commission power to assure those furnishing information freely that the details of their particular businesses thus disclosed will be treated as confidential. (Applause.)

In order to secure non-partisanship in the Commission it is proposed that not more than a majority of the Commission shall be taken from one party. Such restrictions I have been very much embarrassed by in some of my appointments, and they have made it necessary for me to try to find out the political party of the proposed candidate, when I should have appointed him without inquiring at all but for the requirement. (Applause and laughter.)

Upon that subject I wish to introduce a little further suggestion, not in the record, that when you are called upon to appoint a Democrat it is a subject upon which you want to call in a tribunal and have hearings to determine what he is. (Laughter.) And sometimes I think, though I always struggle to overcome it, that a similar difficulty is presented with respect to the Republican party. (Laughter.)

Still, I do not object to the above restriction if it is thought wise, because it may give the public more confidence in the Commission. Nor do I object to the increase of the Board from three to five, nor to the confirmation of the President's nominees by the Senate, for they are important officers, and should pass the scrutiny of the confirming power.

The truth is that there is a bill, with the framing of which I have had nothing to do, but which seems to me to constitute a very well-drawn compromise upon all the differences of detail that have existed between the supporters of various measures. The fact that it bears the name of an Ohio Congressman does not, it seems to me, necessarily detract from its value. (Laughter.) I would not mention this bill as distinguished from others but for the fact that it seems to me a conciliatory measure, embodying all the important features that are necessary to make the Commission effective; and what I am in favor of is a bill which will get through both houses of Congress without acrimonious

dispute over unimportant features of the bill, and without arousing either jealousy or suspicion, or partisan and unreasonable criticism. (Applause.)

In other words, my friends, I wish to secure a law which shall accomplish something as a law. (Applause.) I am not in the slightest degree concerned as to the credit to be apportioned from the passage of such a law. If its passage inures to the benefit and increases the reputation of a political opponent, well and good. I hope I am broad enough not on that account to oppose it, or any feature of it, due to his suggestion. What I am anxious about is to secure its enactment, in order that the country may have the real benefit that I believe will flow from the results of its operation. (Applause.)

The present Tariff Board is working well, but it is dependent wholly upon executive order and an appropriation. It should be made permanent in some form, so that any Congress which may desire to avoid the useful source of information which it will furnish shall have to take the responsibility of repealing the law. (Applause and three cheers for President Taft.)

THE PRESIDENT INTRODUCES REPRESENTATIVE LONGWORTH.

PRESIDENT COBB: Gentlemen, on behalf of all of you I wish to thank our President for the splendid statement he has made to us. (Applause.) I wish to thank him for speaking words which more than fulfill all I said in my introduction, and I wish to say that from those words all of us may have increased hopefulness. He has referred to a specific bill; but, before I speak of that, I would like to say that I have asked Senator Newlands if he would like to continue, and he has stated that his speech was practically finished when the President came in. I want to say a word of thanks to Senator Newlands, not only on behalf of those Southerners and Democrats at whose earnest solicitation I extended a cordial invitation to him, but also on behalf of those of us who are Republicans and strong protectionists; because the statement that he had made—going far beyond what we asked for, show-

ing that our Democratic friends are not behind us, but in advance of us—is an extremely hopeful sign. (Applause.)

Now, gentlemen, about a month ago, at the opening of Congress, I came here to discuss with our members of Congress the question of a bill. I came on behalf of this Association, and I found many men earnestly willing to take it up; and I found on investigation and on talking with one and another, in my desire to bring about harmony, that there was one name more often mentioned than any other as being a name which was likely to help our cause in the interest of harmony along the lines suggested by the President. That man has framed a bill. He claims no pride of authorship. He gives credit to others for this clause and for that clause; but, gentlemen, I give to him the greater commendation than we could give for the pride of authorship. I give to him the credit for having harmonized differences to an extent that makes me hopeful that he will continue to harmonize them and give us a bill which will be successfully enacted. I call on the Hon. Nicholas Longworth, of Ohio, to speak to you. (Applause.)

*THE ADDRESS OF THE HON. NICHOLAS
LONGWORTH, REPRESENTATIVE FROM OHIO.*

Mr. Toastmaster, Mr. President, and Gentlemen of the National Tariff Commission Association: You have furnished a most delightful occasion to-night, but I fear you have been leading up to a horrible anti-climax. You begin with the Senate, you follow with the Presidency, and then you come down to the House of Representatives. (Laughter.) Of course, we of the House feel that we have something to do with the function of raising the revenues of this Government, but sometimes, to hear members of the upper body speak, you might be inclined to doubt it. (Laughter.)

I am particularly delighted to-night to know that our proposition is going to be supported by one member of the opposite party. (Applause and laughter.) I want to congratulate your chairman on this evidence of his energy, enterprise, and close

application to business, that he has been able to find him. (Laughter.)

Gentlemen, your presence here in Washington in such great numbers in the past few days furnishes a demonstration to my mind that the thinking, alert, progressive business men of this country are fully awake to the necessity of reform in our time—(if in no other way) honored methods of tariff-making. You have made it by the same methods that have been pursued in this country for more than 100 years, and it is time to change them. (Applause.)

Every ten years or so we have proceeded to a revision of the entire tariff, based upon sometimes one principle and sometimes upon another, but always practically by the same methods, namely, that that revision has had to be based upon information which has been gathered within three or four months. The consequence has been—I think I am fair in this statement—that under neither Republican nor Democratic administration have we ever had a thoroughly, scientifically accurate tariff. We need reform. I believe that that reform is at hand, and that you gentlemen have taken a great part in bringing it about. (Applause.) This reform comprises two fundamental propositions: First, that there shall be complete information afforded to Congress of every essential fact that ought to be considered in framing tariff schedules; and, secondly, that an opportunity be afforded to Congress at any time to turn this information to practical account.

In other words, whenever it is obvious from the facts gathered by unprejudiced and practical persons that any schedule or duty is wrong, we ought to have an opportunity to make it right. Where is the logic that makes it necessary that we should be compelled to put up with a bad schedule simply because there are a number of others that are good? It is by no means necessary that duties which have been originally provided should have been bad to make a change advisable after they have been in force a number of years. We can easily conceive of a multitude of cases where a duty admittedly wise when it was in force

ten years or so ago may be admittedly unwise now. Why should we not have an opportunity, then, to change it?

The reason why this country has progressed so fast and so far in material prosperity is because our captains of industry, great and small, from the men, for instance, who are at the head of corporations of millions of capital, down to the farmer who himself tills his plot of 50 acres, have kept at least abreast, and sometimes ahead of the times. They have always been quick to take advantage of every modern improvement. Industrial conditions are constantly changing. Processes of manufacture are constantly changing, and yet, under our present method of tariff legislation—legislation which goes to the very root of industrial prosperity—we are compelled to lag behind. Under our present legislative practice it is impossible to change one item without opening every other to change or amendment. The time has come when these rules should be so modified as to make it possible to pass through the House of Representatives a needed amendment to the tariff, if it only be the duty on a single item, without throwing open the entire question. This can be done by a resolution contained in ten printed lines. It ought to be done, and I believe it will be done at this present session of Congress. (Applause.)

But this reform, wise and necessary as I believe it to be, will prove of little value unless the tariff changes to be made are based upon full information with regard to all the facts, and the only way in which these facts can be gathered is through a body of careful and skilled men continually investigating, not for a few months, through a few years, but every day of every year, the industrial conditions throughout the world. In other words, we need a permanent and independent tariff commission. That commission is what your Association stands for, and that is what I am here to advocate. (Applause.)

I believe that the Tariff Commission and revision by schedule and by item should go hand in hand. I believe that the one is a logical complement of the other; but, if we are compelled to choose between them, I say let us have the Tariff Commission.

If I were sure that there would be no revision of the tariff

for ten years, and that that would be a complete revision of the tariff, I would say, nevertheless, let us have a tariff commission, and have it now. The tariff question goes to the very root of every industry, great or small, throughout this land. We should neglect no opportunity to throw the light upon every phase of it. This tariff-commission idea is not a novelty, but it is only very recently that it has assumed a practical form upon which thoughtful men in Congress could unite. So far as I am concerned, it was only within the past two years that I have not had the grave doubts as to the probability and the workability of this tariff-commission proposition. This was largely because it had not been brought forward in a form in which I did not see grave defects.

Until recently every tariff-commission proposition suggested had as its fundamental base the giving to a political body of men the power, not only to report at any time to Congress, but to recommend specific changes of existing schedules. To that proposition I was, and am, unalterably opposed, and I cannot agree with my friend, the distinguished Senator from Nevada, that there is any possible similarity between the proper functions of the Tariff Commission and the functions of the Interstate Commerce Commission.

As a member of the House of Representatives, entrusted by the Constitution with the origination of revenue legislation, I am very jealous of those powers, and I am opposed to the delegation of even a shadow of that power to any other body of men, and it would be the delegation of at least a shadow of that power to give them the right to recommend specific changes of existing schedules. (Applause.)

But to-day, gentlemen, that situation is absolutely changed. You do not, as the National Tariff Commission Association, ask for any such powers on the part of this Tariff Commission. What you want, as I understand it, as was suggested by the President, is a board or commission of competent and skilled men to ascertain the facts and report those facts to Congress. (Applause.)

The Tariff Commission which I advocate should be, in the

first place, a permanent body, with ample funds to prosecute its labors. It should be non-political in character, because political opinions should not be considered in the ascertainment of facts. It ought to be independent of any branch of the Government, save only the President and Congress. Its duties should be clearly defined—to investigate all questions with regard to costs of productions, both here and abroad; prices of commodities, labor, and materials; and, in short, everything that will help Congress towards an ascertainment of proper duties on every single item of the tariff schedules.

It should also be given the duty to inform the President of exactions that may be made in other countries, showing discriminations against our products, to assist him in enforcing the maximum and minimum provisions of the tariff law.

In the securing of this information, I believe that this Commission should have the power to subpoena witnesses and to call for the production of books and papers.

I realize that that is a large power to give to any body constituted by Congress. I believe that it should be well safeguarded, and I believe that the provision that this Commission shall have no power of punishment, in case of failure to respond to its subpoena—that power being reserved to Congress—can be detrimental to no legitimate business institution in this country.

I believe that a very important function should be, as the President has indicated, the power to obtain evidence upon a gentleman's agreement that names should not be disclosed. You as practical business men can readily conceive of any number of cases where the producer of an article would be very unwilling to furnish for the benefit of his competitors the intimate details of his business, and yet would be very glad to give all possible information to help the work of this Tariff Commission.

I would have the results of their investigations reported to the President or to either house of Congress when called upon. I would also give to the tariff committees of the House and Senate the right to summon the Tariff Commission as witnesses before them.

In this manner these committees would have witnesses

thoroughly informed as to all the subjects under discussion, and, above all, absolutely unprejudiced. The trouble with our old system is that the witnesses who appeared before the committees of Congress were not in all cases unprejudiced. We have had, on the one hand, the producer to whose interest it is that the duty shall be as high as possible; and, on the other hand we have had the importer, to whose interest it is that duties should be as low as possible. I believe that both of these two classes have in the past meant and intended to state only the facts; but, after all, those facts could not escape being tinged with bias on the one side or the other, and it has been my experience as a member of the Ways and Means Committee that we have been frequently left between the two horns of a dilemma, and the duty finally resulting has been purely and absolutely guesswork.

After all, I am only human, and I am not disposed to disparage the work of a committee of which I am a member, or of the Congress which has passed the last tariff law. I believe that we had in the consideration of this tariff law better, more complete, and more accurate information than any other Congress in history, and yet I believe it would be perfectly foolish to say that that information was complete in every respect, and I do not say it. I think that we ought to have full light upon this subject. I believe that the American people want to know all the facts upon which tariff duties are based. As a Republican, one who believes thoroughly in the principle of protection, I am not afraid of any hurt that shall come to that principle from the full turning on of the light.

And so, gentlemen, not only as a citizen, not only as one who has given some little study to the science of political economy, but as a member of the Republican party—one deeply concerned in its success and in the success of its principles—I am wholly and absolutely in favor of a tariff commission. (Applause.)

I congratulate you, gentlemen, upon the part that you have taken in stimulating the public interest upon this question and in helping to bring about this consummation so devoutly to be wished. I thank you. (Applause.)

*THE PRESIDENT INTRODUCES REPRESENTATIVE
CALDERHEAD.*

PRESIDENT COBB: We have all listened with great interest to Mr. Longworth's description of his bill. I want to say that your committee has been over it, and fully verifies all that he says of it, and I want to say that the gratitude of the Association is due him for the work he has done in our behalf. (Applause.)

Now, before we leave, I wish to call one more gentleman, who says he will only speak to us for about five minutes. We still have ten minutes before midnight, and I want you to wait one moment, if you will, and hear a word from a man who has had as much experience as most of the members of Congress. He is on the Ways and Means Committee; was on the Ways and Means Committee during the passage of the Payne bill, and has been a careful student of the tariff for years. I ask Mr. Calderhead, of Kansas, to say a word to us.

*THE ADDRESS OF THE HON. WILLIAM A.
CALDERHEAD, REPRESENTATIVE FROM KANSAS.*

Gentlemen: I have lived for twenty years west of the Missouri river, and I know pretty well personally the feelings of my countrymen for the interests of this great country. Within sight of this Capitol I read the meaning of the Constitution of the United States by the flash of cannon. Within the territory that is now part of this capital city I carried my musket as private soldier in the defense of the capital. (Applause.) From that time to this I have lived in the service of my country in peace as well as in war. As a member of the Ways and Means Committee which framed this last tariff, I listened to all the testimony that was offered concerning it. This afternoon, within two hours, I conversed with my friend—and I call him my friend, the President—concerning the measures which were proper for our best interests at this hour. I believe that the committee which framed the last tariff had before it all the accumulated testimony of the years which went before it, for the prep-

aration of that tariff. I never had any doubt about the propriety or right to have a board to constitute it, as we now have it, for the collection of information for the President, that he may execute the laws, and for Congress, that it may hereafter enact whatever legislation that is necessary. I have no doubt now about the propriety of a commission which shall collect the information concerning manufactures of our own country and the manufactures of other countries that will enable us to frame out laws so that they shall protect American business as it ought to be protected.

But I submit to you, so earnestly asking for a government by commission, whether this great Republic, from community to community, from city to city, from State to nation, will be better governed by a commission than it is by the orderly procedure of our representatives, either in State legislatures or in the National Congress? I submit to you the question of whether it is better to have a government by the Constitution and by the bodies that are created for the legislation necessary than to have a government by a commission.

I am agreed now that we shall have a commission to ascertain the facts necessary to enable Congress and the President to protect the great business interests of this nation. I am agreed now that we shall have a tariff commission or a tariff board—whichever it shall be named—that shall ascertain the facts that will enable us to be protected against the world or perhaps simply this interest and that interest here and there to prosecute its business successfully.

I listened for nine months to the testimony of the manufacturers in this country and to the testimony of the importers who come in competition with them, and I say to you now that the Ways and Means Committee which framed the last tariff bill acted conscientiously upon the information which they were then able to obtain, and we had before us all the testimony that has been given to this country from the time of Alexander Hamilton down to the present hour, all the testimony presented to every Ways and Means Committee concerning the making of every tariff down to this hour, and we acted not only upon the testi-

mony and the impulse of the hour when we were sitting, but upon the testimony of our nation in all its history. We framed a tariff which we believed was for the interests of the producers of this nation as well as for the consumers, and now if you, by reason of your great Association, are able to give this country general information and are able to instruct those who shall succeed us how the country shall be protected better than it has been, I will rejoice in your ability to do so. Only now I stand on my feet as a representative of the great nation west of the Missouri River, to testify to you that we are willing to have all the information that any tariff commission can give to us concerning the cost of production in this country and abroad; but I stand here to declare that from our borders to the Pacific Ocean we mean to protect every American laborer in every occupation which men can follow. I am willing that all the information shall be ascertained and shall be at the command of the Executive, and at the command of the legislative branch of the Government in framing the tariff legislation that is to follow; but I do not intend that we shall stand indicted of any failure of our duty heretofore. I do not intend the Ways and Means Committee of this Congress which framed this great tariff shall be indicted for ignorance or prejudice or failure in duty. We did what we believed to be for the interest of this great nation from end to end, and we bring to you the testimony of twelve years of the greatest progress that the nation has ever known to support the action which we undertook and accomplished in the enactment of the last tariff bill. (Applause.)

Just one word more and I am done. You are representatives of the manufacturing producers of this great country. Why should you not now voluntarily inform the agricultural producers of this country that your profits are too great? The whole question of whether the tariff is too high or too low is solved by the answer to the question whether the profits of manufacturing are more than they ought to be or not. That is the whole question presented to the great agricultural interests of this country. Will you think of it for a moment? The whole question is whether you are making more than your share of the profits of the labor

of the nation. I stand in behalf of 7,000,000 of the agricultural laborers of the nation, and address you representing 6,000,000 of the laborers of America, and ask you to answer the question whether, by reason of this tariff, you are making more than your share of the labor of the nation? To the answer of that question I stand beside my friend in the organization of a commission for a tariff board, whatever it shall be named, which shall ascertain and give to the nation correct information concerning the cost of production and of labor.

I have but a word more. The life of the nation means more to me than perhaps to any man in whose presence I stand. Long before I was old enough to cast a vote I carried a musket three years to maintain the nation in which every man might pursue every avocation of life which he chose without molestation and with the ample protection, not only of the Constitution, but of all the laws of the land. I read the meaning of the Constitution which empowers Congress with its authority and the President with his by the light of the artillery at Spottsylvania and the Wilderness and Cold Harbor and Petersburg, and here, within the ramparts which surrounded the city, I stood guard over the welfare of the Constitution and the people. (Applause.)

I believe in my country. I believe in the purpose of my country—in the divine administration of the nations of the earth. I believe in the great purpose for which we are the sons of liberty, and in its behalf I ask not merely your kindness to me at this hour, but your kindness and support to him who leads and to us who follow in all that we shall do from day to day. And then I ask you in all the wide realms of humanity to remember that from North to South, from East to West, through the wide domain that God has given to us, just as to His children of old, we answer, we are brethren, sons of one father, sons of one liberty. (Applause.)

*THE PRESIDENT INTRODUCES
SENATOR BEVERIDGE.*

PRESIDENT COBB: President Taft is obliged to leave us, and I will ask you all to rise while the President bids us good night.

President Taft having said good night, President Cobb, in response to calls for "Beveridge," called upon Senator Beveridge to make a speech.

*THE ADDRESS OF THE HON. ALBERT J. BEVERIDGE,
UNITED STATES SENATOR FROM INDIANA.*

Mr. President, Ladies and Gentlemen: Of course I trust I understand the proprieties, and at this hour, after our President has spoken, you are more than kind to even mention my name or that of any other speaker.

Just two words, the first one a tribute of sincere respect to one who, though I may differ with him in certain of his political views, has done things to entitle him to my respect and admiration and to the hearing of all citizens beneath the flag. He has done more than I did, but not more than my father and brothers did, through his allegiance to our Republic and our institutions on the battlefields of his country. (Applause.) That is a big thing, after all, and we perhaps do not always quite appreciate it in times of peace. But in those times, when a man leaves his farm, his young wife and children, and goes away, not for the profits that come from the difference in the cost of production here and abroad, to give his life, his prosperity, everything, to something that you cannot measure by dollars or the yard-stick, or any other visible signs, to offer his life for his country—that man offers the last full measure of devotion, as the great Lincoln called it. So I am glad to stand in the presence of one who has proved his patriotism and devotion to our nation, that we all love, by the last test of human loyalty and courage.

Now, one word about what we are here assembled to accomplish. I have been very much interested in all the remarks made here this evening, very much interested, as always I am in hearing those words of winged wisdom from the Senator from Iowa, who for years before I had taken up this cause on the floor of Congress had battled for it before the people. I have been particularly interested and entertained by the argument of my friend Longworth, and my colleague, Senator Lodge, although I could not help feeling that the arguments they were now advancing to you, you had been using for years in our long fight for this cause.

I merely want to say to all of the members of Congress that what you want is not arguments that have been advanced for so many years that they are now persiflage, but what you want is action. (Applause.) For years those of us who have been representing you and the great body of the people, who are demanding honest and common-sense methods in tariff building, have been declaring all these things as the reason of our faith.

We have now come to our conclusion, and what we want is not argument with which we are familiar, but the passage of a bill. It is not oratory we want, but votes. This is the time of the final charge, and as I said to you the other morning in a sort of a hop-skip-and-jump speech—because I had to hurry to the Capitol—if you gentlemen will firmly stick to the word “demand” you will get your heart’s desire, and you will not get it any other way.

Now I am not going to say anything more, because the hour is so late, except this—a mere commonplace, that has been voiced so often this evening, and that of course is in all our minds, anyhow, but is seldom practised—that when a determined body of honest, intelligent men set to work to accomplish a thing that they hold necessary to their welfare, they will get it if they fight hard enough for it and long enough for it, and they will not get it in any other way. (Applause.)

I heartily thank you for this courtesy. Of course it touches me. I am more or less uplifted by the almost, and I hope entire, certainty of the accomplishment of all your thought and all of your work. I trust that you will not be disappointed in the realization of the toast that I am about to propose, and that is that the present session of Congress shall enact into an enduring law that for which you so long have been battling and which the elemental necessities of the country absolutely require. Good-night, good-bye, and God bless you every one, fellow-soldiers of the common good.

PRESIDENT COBB: We have been through our two days’ meetings, and I hope it has been as inspiring to all of you as it has been to me. I feel that our labor has not only been interesting and inspiring to ourselves, but is going to reap results. Gentlemen, I declare the Convention adjourned.



DR. E. V. ROBINSON, UNIVERSITY OF MINNESOTA

THE FAVORED TARIFF COMMISSION BILLS.

During the progress of the National Convention two bills had been presented in Congress, the first by Representative Longworth, a copy of which follows, and a few days later a similar bill was introduced into the Senate by Henry Cabot Lodge of Massachusetts. There was a certain significance in thus securing the endorsement of one whose attitude in previous legislation had hardly indicated any particular affection for the Commission movement, and the effect on the country as well as on the constituents of the Senator was particularly noticeable.

These bills are so similar in their conditions that it is not necessary to give the text of but the one, and this one, the Longworth bill, approached as nearly as possible the demands of business men of all parties, and may be said to have had the endorsement of the National Tariff Commission Association.

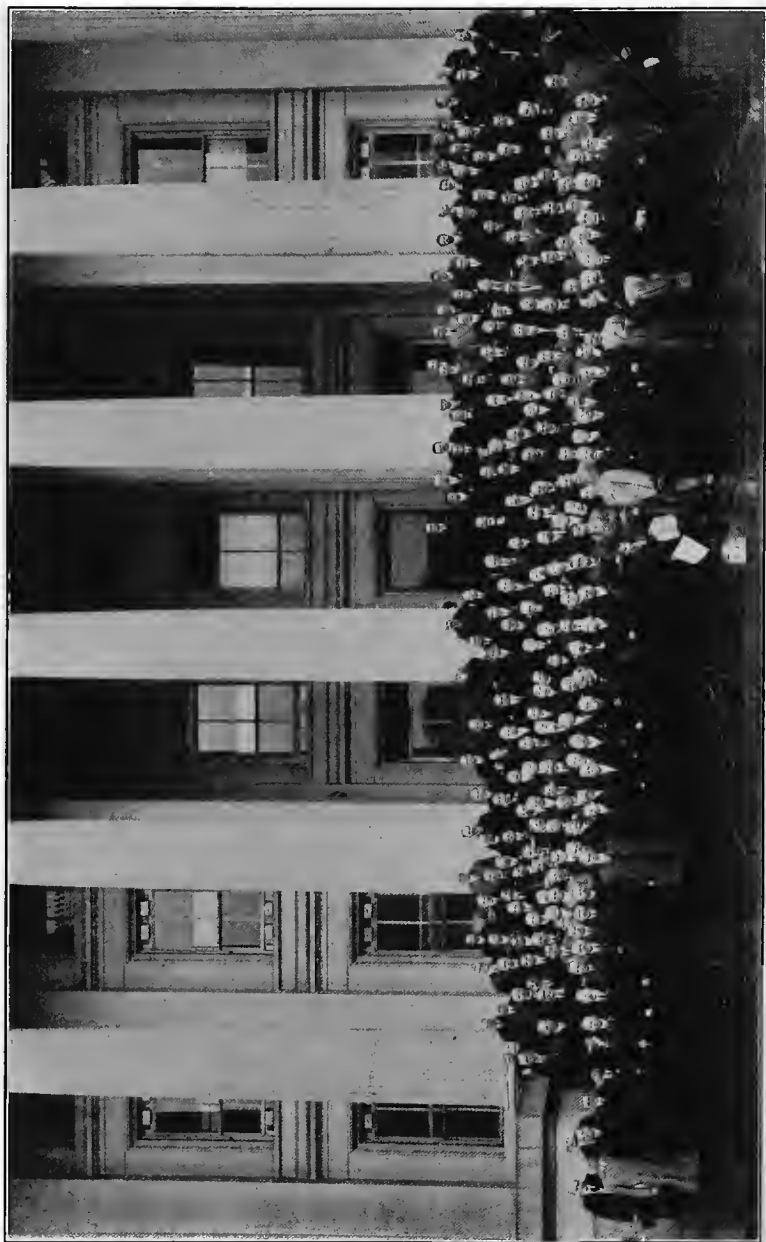
This was the bill which was debated in both Houses, was with certain amendments virtually passed by both Houses, successfully went through the conference stage, and was ultimately filibustered to defeat which is fully described in the following chapter, and the author is indebted to the writer of this effective description of the final defeat of the Tariff Commission Bill.

*SIXTY-FIRST CONGRESS, 3D SESSION. H.R. 30288.
IN THE HOUSE OF REPRESENTATIVES.
JANUARY, 1911.*

Mr. Longworth introduced the following bill; which was referred to the Committee on Ways and Means and ordered to be printed.

A BILL TO CREATE A TARIFF COMMISSION.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created, to be known as the Tariff Commission, which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. The commissioners first appointed under this Act shall continue in office from the date of qualification



TARIFF COMMISSION DELEGATES—U. S. TREASURY, WASHINGTON, JANUARY, 1911

for the terms of two, three, four, five, and six years, respectively, from and after the first day of July, anno Domini nineteen hundred and eleven, the term of each to be designated by the President; but their successors shall be appointed for terms of six years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. The President shall designate a member of the commission to be the chairman thereof during the term for which he is appointed. Any commissioner may, after due hearing, be removed by the President for inefficiency, neglect of duty, or malfeasance in office. No member of Congress shall be eligible to appointment as commissioner under this Act. Not more than three of said commissioners shall be members of the same political party. No vacancy in the commission shall impair the right of the remaining commissioners to exercise all the powers of the commission. Each commissioner shall receive a salary of seven thousand five hundred dollars per year. The commission shall have authority to appoint a secretary and fix his compensation, and to appoint and fix the compensation of such other employees as it may find necessary to the proper performance of its duties, which employees, except clerks, stenographers, messengers, and other employees of similar grades, shall be exempt from the operation of the civil service regulations.

SEC. 2. That the principal office of said commission shall be in the city of Washington, in suitable offices, which shall be furnished by the Secretary of the Treasury, and said commission shall have authority to procure all necessary office supplies. The commission, however, shall have full authority, as a body, by one or more of its members, or through its employees, to conduct investigations at any other place or places, either in the United States or foreign countries, as the commission may determine. All the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigations, or upon official business in any other places than in Washington, shall be allowed and paid on the presentation of itemized vouchers therefor, approved by the chairman of the

commission. Should said commission require the attendance of any witness, either in Washington or any place not the home of said witness, said witness shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

SEC. 3. That it shall be the duty of said commission to investigate the cost of production of all articles which by any Act of Congress now in force or hereafter enacted are made the subject of tariff legislation, with special reference to the prices paid domestic and foreign labor and the prices paid for raw materials, whether domestic or imported, entering into manufactured articles; the condition of domestic and foreign markets affecting the American products, including detailed information with respect thereto, together with all other facts which, in the judgment of said commission, will be helpful to Congress in providing equitable rates of duty on any article and in aiding the President and other officers of the Government in the administration of the customs laws.

SEC. 4. That to enable the President to secure information as to the effect of tariff rates, restrictions, exactions, or any regulations imposed at any time by any foreign country upon the importation into or sale in any such foreign country of any products of the United States, and to assist the President in the application of the maximum and minimum tariffs and other administrative provisions of the customs laws, the commission shall, from time to time, as he shall direct, advise the President as to the state of the commerce of the United States with foreign countries.

SEC. 5. That for the purposes of this Act said commission shall have power to subpoena witnesses, to take testimony, administer oaths, and to require any person, firm, copartnership, corporation or association engaged in the production, importation, or distribution of any article under investigation to produce books and papers relating to any matter pertaining to such investigation. In case of failure to comply with the requirements of this section, the commission may report to Congress such failure, specifying the names of such persons, the individual names of such firm or copartnership, and the names of the officers and

directors of each such corporation or association so failing, which report shall also specify the article or articles produced, imported, or distributed by such person, firm, copartnership, corporation, or association, and the tariff schedule which applies to such article.

SEC. 6. That in any investigation authorized by this Act the commission may obtain such evidence or information as it may deem advisable, for its confidential use, and in case the evidence or information is so obtained, said commission shall not be required to divulge the names of persons furnishing such evidence or information: *Provided*, That no evidence or information so secured under the provisions of this section from any person, firm, copartnership, corporation, or association shall be made public in such manner as to be available for the use of any business competitor or rival.

SEC. 7. That said commission shall submit the results of its investigations, together with any explanatory report of the facts so ascertained, to the President or to Congress, at such time or times as the President or Congress shall designate; and at the request of the Ways and Means Committee of the House of Representatives or the Finance Committee of the Senate said commission shall appear before the above-named committees, or either of them.

SEC. 8. That there is hereby appropriated for the fiscal year ending June thirtieth, nineteen hundred and ten, for the purposes of this Act, from any moneys in the Treasury not otherwise appropriated, the sum of two hundred and fifty thousand dollars.

SEC. 9. That all Acts or parts of Acts in conflict with the provisions of this Act are hereby repealed.

THE SPECTACULAR DEFEAT OF THE TARIFF COMMISSION BILL.

Who put to death the Tariff Board Bill, the measure desired by the Administration, the majority in both Houses of Congress, and the country—a measure important in itself, but much more important as a symbol? Let us see.

It is the morning of the 4th of March, 1911. In less than three hours the sixty-first Congress will have passed into history, and with it, for the first time in sixteen years, the Republican control of the lower branch of the National Legislature. For twenty-four hours the House has been in session. In session, but not at work, for the House has performed its duties promptly, and now is only waiting for the ponderous and unwieldy machinery of the Senate to grind out the grist to which the two Houses in conference must give the final refining touch. Through the night faithful members of both parties in the House have held the fort, passing the time with speeches from retiring veterans and budding orators, with singing marked by wonderful "close harmony" and heart-piercing "barber-shop" chords, and with mild skylarking.

But now at the eleventh hour, with less than two hundred minutes left of the session (even including the thirty or forty which a dying Congress is used to take forcible possession of by turning back the clock), both sides are girding themselves for a last struggle. One controversial measure remains to be fought over. The Democratic minority show no disposition to hold up the great appropriation bills, but they have served notice that they have no intention of allowing the Tariff Board Bill to become law if they can help it. The question is, Can they help it? The Bill has passed the House days before by a substantial majority. In the Senate it has been the object of determined opposition, and its course has been obstructed by a determined filibuster, but at half-past eight this last morning it has been brought to a vote and passed. But the Senate has added two amendments to the bill, and it must be passed again by the House. The Republican majority—with a preponderance of at least fifty votes—is united in favor of it. Manifestly it is the will of a majority of the House that the bill shall become a law; but the majority have at their disposal sundry weapons in the shape of parliamentary devices. So here are the materials for a very pretty conflict—a substantial majority plus the rules on one side, a determined minority plus the rules plus the slipping minutes on the other.

The main resource of the majority in the House is the Rules

of the Committee. So at this juncture the Chairman of that Committee brings in a rule providing that the Tariff Board Bill with the Senate amendments shall be immediately considered, without regard to any pending business and without debate. With such a rule the majority must surely have its way. But will it?

As the rule is brought in, the House is in confusion. The oblong chamber, with its concentric, semi-circular rows of school desks for nearly four hundred members, is no place for orderly debate, hardly a place for the decent and intelligent transaction of public business. It is too vast, the distances are too great; and the members, influenced doubtless by the physical characteristics of their surroundings, feel too little constrained to attention and orderliness. From the knots and groups of Congressmen scattered over the chamber rises a continuous hum and buzz of conversation; the aisles are filled with members moving up and down and standing about. The stereotyped phrase of the Speaker, punctuated by the nervous fall of the ivory gavel, "The House will be in order!" sounds like a sterile prophecy, on impotent admonition. The House will not be in order unless it pleases, and it takes an extraordinarily intense moment or an extraordinarily dull one to make it please.

As he presents the rule, the Chairman of the Committee moves the previous question upon it, the adoption of which would have the effect of shutting off debate. The majority is determined to give a last demonstration of "steam roller" methods in its finest manner. But on the Democratic side a member whose mild look and youthful appearance hardly give evidence of his ability as a parliamentarian and a fighter, interposes first one, then another, then another, motion to delay action. For the minority cannot defeat the bill by votes (they have not got them); they must defeat it by obstruction and delay. But the Speaker, swinging the gavel vigorously in a sinewy left hand, stamps every motion as "dilatatory" and rules them all out of order. A roll-call is the final resource of the opposition, for a roll-call in the House consumes at least forty minutes, and the relentless hands of the clock are the minority's best ally. The

"yeas and nays" are ordered and the clerk calls the roll. In an atmosphere of rapidly rising excitement the previous question is ordered—for the majority have the votes. As the vote is being announced, a conference report is presented on the General Deficiency Bill. This is one of the big appropriation bills which must be passed before adjournment if the Government is to have money with which to "carry on." Conference reports on appropriation bills have the right of way, and the minority transfer their attentions to it. The excitement has become pandemonium. The space before the speaker's chair and the desks of the clerks is filled with a throng of members, some trying, at the top of their lungs, to make sure that their votes have been properly recorded on the roll-call just ended, others endeavoring, at the top of their lungs, to register points of order and dilatory motions against the impending vote, others, at the top of their lungs, just enjoying themselves. The Speaker's arm works like a flail, his voice shrills out demands for order and rulings against every dilatory suggestion. The sergeant-at-arms, "the mildest-mannered man that ever scuttled ship or cut a throat," takes the mace, emblem of the awful dignity of the House, and advances into the riot, with an effort entirely incommensurate with the solemn significance of his action. The clerk calls the roll, and the Deficiency Bill is passed—for the majority have the votes. But the precious minutes are being eaten up, all too swiftly. Roll-calls are powerful weapons of offense when time is short.

Then the roll-call on the rule itself begins and proceeds, to an accompaniment of tempest and riot. Once ended, it is recapitulated by the clerk, for dozens of members have not heard their names and are besieging the clerk's desk, clamoring for a chance to vote. The rule is adopted, of course—for the majority have the votes.

Then the Tariff Board Bill itself, which days before had been enacted by the House with the aid of nearly two-score Democratic votes, comes before the House. But not to be voted on yet a while. The minority have another arrow in their quiver. The young parliamentarian—Mr. Fitzgerald, of New York—moves to recommit the bill with the Senate amendments to the Com-

mittee on Ways and Means. On the Republican side points of order bristle like the hedge-hog's quills. The Speaker, imperturbable and inflexible, consults his precedents on both sides on the point of order, . . . that the motion is in order. One more point scored for the minority. (Perhaps there is a little of the irony of things in the fact that the speaker's last ruling of a long and despotic career is against his own party and in favor of the despised minority. But then again perhaps "Uncle Joe" is not so sorry to see the Tariff Board Bill, of which he has not been one of the most enthusiastic advocates, jeopardized.) Again the clerk calls the roll, in comparative quiet. The situation has become too tense for disorder. Twenty, thirty names have been called when the Republican leader, Mr. Payne, walks down the aisle, addresses the Speaker, and, on behalf of the majority, throws up the sponge. There is not sufficient time to pass the bill before 12 o'clock, and two appropriation bills remain for final action. The majority surrenders.

So the Tariff Board Bill, in spite of the best efforts of a strong and united majority, is beaten by the Democrats in alliance with the inexorable hands of the clock. For you can easily see that, with another hour or so to spare, the "steam-roller" of the majority could have crushed flat every obstruction that ingenuity could desire. "Who killed Cock Robin?" The Democrats? Perhaps.

This is the way they do things in the House. Legislation by steam-roller, tempered by the time limit, one might call it; or, shifting the point of view, legislation by riot, subject to the mailed fist.

But what of the Senate? To traverse the length of the Capitol from the popular chamber to the upper house is like walking from a boiler factory into a Quaker meeting. Outwardly in the Senate all is quiet, dignified, orderly, restrained. Apparently the methods of legislation are those not of warfare but of peace, apparently the victory on any disputed point goes not to the heaviest battalions but to the strongest case. On the surface there is no evidence of such a tyranny as forces legislation through the House at the will of the majority. But perhaps if

we look we may find a tyranny more hopeless than that of the House because it is vastly more irresponsible.

AFTER THE BATTLE.

The session which closed March 4, 1911, was a Republican session, the loss of the Tariff Commission Bill was a Republican defeat no matter what the inner workings were which brought it about, but the business men of the country, while disgusted, did not lose heart and gathered up the material at their command determined to continue their efforts, and regardless of the fact that a special session indicated grave danger to the cause.

On March 22nd Mr. Cobb presented a statement or report to his directors at a meeting held in the offices of the Merchants' Association of New York. This report follows as well as the Resolutions of the Tariff Association which were adopted by the directors at that meeting:

"Since the close of our Convention, on January 12th, up to which date a full report has been made, the activities of the Association have been entirely devoted to the endeavors to secure the passage of a bill by Congress, creating a permanent Tariff Commission, for which we have strived.

"The Executive Committee has actively and energetically pressed consideration of such a measure upon Congress with the result that a satisfactory bill was adopted by each House of Congress by a majority of two to one and only failed of enactment by the adroit use of parliamentary tactics (by a small minority of each House) in the closing hours of the session. Although the actual failure of the bill was in the House of Representatives over the adoption of some inconsequential amendments made in the Senate, which were not seemingly objected to by any of those who voted for the bill, the real cause of the failure was the abuse by a few Senators of the Senate Rule allowing unlimited debate. I do not intend to criticise this rule; in fact, in a body as small as the United States Senate there is much to be said in favor of allowing each member who has or who honestly thinks he has something to say of importance in the consideration of a question, full opportunity to state his views, and

such a rule would probably do no harm in the hands of self-respecting men having due regard for the rights of their colleagues. But when the right to free debate degenerates into the droning on for hours of meaningless repetitions and palpably irrelevant talk in the conduct of an organized or personal filibuster, the rule becomes impossible from the standpoint of proper parliamentary procedure, and the Senate, as a body, is subjected to well merited public criticism which must tend to seriously injure its standing and dignity in the eyes of the country.

"While the failure to secure legislation from the last Congress is, of course, disappointing, it is interesting to note that active consideration and discussion of the question have strengthened the general feeling throughout the country that we should have a permanent independent Tariff Commission, and the evidences are very clear that the manner in which the bill was defeated had tended to strengthen and focus the public demand for legislation.

"There is little to suggest for your consideration beyond the statement that we have simply and plainly asked Congress for legislation creating a permanent Tariff Commission and there seems no other course to pursue except to continue to ask it until we get it, meanwhile keeping our members and the public generally clearly informed of the progress of the work.

"There is, however, one serious danger to be guarded against, which is the tendency evidenced in the last Congress, that certain members who desire to delay and defeat action take the position that they do not oppose the principle of a Tariff Commission but want a differently framed Commission. The exact form of the Board or Commission is unimportant, but it is of vital importance that the object should not be defeated by having the real issue lost in a discussion of methods and forms.

"It may be truly said that in our work we are supported by and represent a strong and growing public sentiment based on the unequivocally expressed and very widespread conviction that our existing tariff-making system is unscientific, inadequate and unsound.

"JOHN CANDLER COBB, *President.*"

*RESOLUTION ADOPTED AT THE MEETING OF
DIRECTORS, MARCH 22, 1911.*

WHEREAS, the movement for a permanent scientific Tariff Commission, under the leadership of the National Tariff Commission Association, resulted in the adoption by a vote of two to one by each House of Congress, during the session which closed March 4, 1911, of a satisfactory bill for a permanent Tariff Board, although the bill was defeated at the last moment by parliamentary tactics; and

WHEREAS, the sentiment of the people, as reflected by the last Congressional Elections and through the public press of all sections and of all political affiliations, is unequivocally and overwhelmingly in favor of the enactment of a law making a Tariff Commission or Board a permanent part of the machinery of the Federal Government:

THEREFORE, RESOLVED that the National Tariff Commission Association, assured that it intelligently and correctly interprets the will of the majority of all the people, proposes forthwith to continue its efforts to secure from Congress the enactment of a satisfactory law, on the lines consistently urged by President Taft from the beginning of his administration, creating a permanent, independent Tariff Commission or Board, intending to maintain this effort until the desired result has been accomplished.

ALSO, that the work and efforts of this Association for the enactment of a satisfactory law creating a permanent Tariff Board be continued, actively and aggressively, during the coming special Session of Congress.

The Press at this time had a good deal to say about the failure of Congress to meet the wishes of the careful and conservative thinking men of the United States, and in the main the criticisms showed a feeling of disgust at the result.

The Progressives in Congress had certainly played fair, and their influence began to be apparent, for when the Special Session convened in April one of the first bills presented in the Senate was No. 261, April 6th, by Senator La Follette.

Therefore in the first session of the sixty-second Congress the fight for a Tariff Commission was continued.

Certain attacks were made on the general plan, particularly in the latter days of March, and in the *New York Times* of March 27th the Honorable Hillary A. Herbert published an open letter decrying the movement. As a whole this attack was so vindictive that Mr. Henry R. Towne, the Treasurer of the National Tariff Commission Association, criticised the strictures laid on the Tariff Board's work in the following letter:

TARIFF BOARD'S WORK

MR. TOWNE CRITICISES THE STRICTURES LAID ON IT BY HILLARY A. HERBERT.

To the Editor of the New York "Times":

Without questioning the good faith of the article in your issue of 27th inst. by the Honorable Hillary A. Herbert, I desire to point out that it contains numerous and serious errors of fact, and that in other cases, when stating facts correctly, it omits to mention other relevant facts which are material and qualifying.

1. Referring to the Payne-Aldrich Tariff Bill of 1909, it says that it was enacted "without any aid from a Tariff Commission." The first formal demand from the country for a Tariff Commission was expressed at the Indianapolis Convention of February, 1909, and the demand there voiced was responded to by Congress in the clause of the Tariff Bill enacted during the summer of that year, which gave the President power "to employ such persons as may be required * * * to secure information to assist him * * * in the administration of the customs laws," etc.

2. The letter states that the majority in Congress "contemptuously refused to allow 'Tariff Commission' to be named in the bill." This is a matter of opinion rather than of fact, but the essential fact remains that power was given to the President under which he created the existing Tariff Board.

3. The letter states that during the Special Session of Congress in 1909 the insurgents "loudly advocated" a permanent



SENATOR ROBT. M. LA FOLLETTE

commission. While technically true, it would be more accurate to have stated that this demand came from business interests in all parts of the country, from citizens of all political faiths, and that the "insurgents" were the mouthpiece through which this sentiment found expression. The business interests of the country had spoken unequivocally at the Indianapolis Convention of February, 1909, in demanding from Congress "a permanent non-partisan Tariff Commission."

4. The letter quotes President Taft as expressing the opinion in his message of December, 1908, that the commission would be able to complete its work "in two or three years." The provision in the Payne-Aldrich Bill specifically instructed that the board should apply itself to work relating to the maximum and minimum rates. The board was not created until September, 1909. Considerable time was required in which to get it organized for work, and its duties in connection with the maximum and minimum rates occupied it almost exclusively until April, 1910. Therefore it has not yet completed its first year of work in the collection of facts relating to the tariff schedules.

5. The letter states that "if Mr. Taft got his \$250,000 he would have all the working machinery necessary to enable Congress to give the country the 'scientific tariff revision' that seemed to be wanted." That appropriation was only made in June, 1910, as the result of strenuous efforts by the National Tariff Commission Association voicing the wishes of the country that a permanent Tariff Commission should be created, and the fact that Congress did not respond to those wishes was a factor in the Republican defeat in the elections of the following November.

6. The letter refers to statements from official sources that "the board has been hampered," but the fact is that the Chairman of the Board, Professor Emery, in his speech in Chicago in December, 1910, stated that the board having completed its work in connection with the maximum and minimum provisions of the tariff law was then devoting its time to organizing and conducting the important investigations for which chiefly it had been created.

7. The letter refers to the Washington Convention of the National Tariff Commission Association, held January 11 and 12, 1911, as "a descent upon Washington," implying apparently the purpose to create a "manufactured sentiment." On the contrary, that convention was one of the most spontaneous and significant for political purposes ever held in this country. It was representative of all sections, all interests, and all political parties. Its sole purpose, as reiterated throughout its proceedings and by all of its speakers, was to enforce the demand that Congress should enact a law creating a permanent, non-partisan Tariff Commission. It was "dramatic," as Mr. Herbert correctly states.

Up to the 1st of March, 1911, the Tariff Board practically had been able to devote but eight months to its permanent work of collecting tariff facts, including all of the work of organizing its machinery and methods. Those who have had opportunity to investigate its work and methods have been impressed with their effectiveness and with the intelligence and zeal with which the board is applying itself to the serious and difficult task before it. Any who doubt this statement, but who, with open minds, will visit Washington and investigate the facts themselves will have their doubts removed, will have confidence in the purpose and competency of the Tariff Board as now constituted, and, above all, will begin to realize the vastness and complexity of the work which has been assigned to it. The accomplishment of that work constitutes the only sound, scientific, and safe foundation for tariff legislation in the future which shall be equitable to all interests, and therefore satisfactory and lasting.

HENRY R. TOWNE, *Treasurer, National Tariff Commission Association.*

New York, March 28, 1911.

WHAT THE TARIFF BOARD WAS DOING.

The La Follette Bill provided for a fund of \$300,000 for the continuance of the work for at least another year. There were many criticisms as to the apparent failure of the Board to produce, it was frequently intimated that reports were purposely being held back and that the Board's work was merely a subter-

fuge. Such reports were so continuous and so insistent that it seemed wise to have the country know in an independent way the exact facts in the case, and the President of the Tariff Commission Association with his Directors arranged for an investigation, which President Taft gladly consented to and the Tariff Board itself courted.

This report, given in detail, is particularly valuable as it is intelligent, unbiased, is made by men having no ulterior motive and particularly well qualified to determine as to the merits or inefficiency of the methods employed and the ability of the members themselves.

The writer was requested to arrange for a certain number of days when the entire working methods of the Board together with a personal examination of the members themselves and their staff and also their books and reports even to advance sheets should be available to the investigating committee.

In May, 1911, the Committee proceeded to Washington, and with the Secretary of the Tariff Commission Association worked for three days in the offices of the Tariff Board in the Treasury Building. The Report speaks for itself, and to it is attached the correspondence which brought it about.

MESSAGE OF PRESIDENT TAFT TO CONGRESS.

PRESIDENT TAFT, in response to a request from Congress for information concerning certain work of the Tariff Board, transmitted a special Message under date of June 20, 1911, in the course of which, referring to the Report printed herewith, transmitted by him to Congress, he said:

"In order that Congress may more fully understand what the board of experts is engaged in, I transmit, in connection with their statement, a report by a committee of the National Tariff Commission Association, which applied to me for permission to investigate the methods of procedure of the board of experts and the scope and progress of the work.

"Their judgment is shown in the following paragraph:

"In conclusion, our committee finds that the Tariff Board is composed of able, impartial, and earnest men, who are devoting

their energies unreservedly to the work before them; that the staff has been carefully selected for the work in view, is efficiently organized and directed, and includes a number of exceptionally competent technical experts; that the scale of salaries is reasonable, indeed very moderate, and that all other expenditures are closely scrutinized and appear to be equally reasonable; that the work of the board, vast and intricate in detail, is already highly organized, well systematized, and running smoothly; and that Congress and the people can now await the completion of that work with entire confidence that it is progressing as rapidly as consistent with proper thoroughness, and that it will amply justify all of the time and expense which it entails. We believe that the value of the work when completed will be so great and so evident as to leave remaining no single doubt as to the expediency of maintaining it as a permanent function of the Government for the benefit of all the people."

PRELIMINARY CORRESPONDENCE.

THE NATIONAL TARIFF COMMISSION ASSOCIATION.

HON. WILLIAM H. TAFT, Boston, May 1, 1911.

PRESIDENT OF THE UNITED STATES,

WASHINGTON, D.C.

Sir:—On behalf of the National Tariff Commission Association, I am instructed to request from you authority for a Committee appointed by our organization to investigate the work of the Tariff Board with a view to seeing in how far the structure of the Board and its methods and systems agree with the broad principle of scientific reconstruction of the tariff-making system, for which we stand and which you have so ably and earnestly advocated.

The object of this request is to enable us to consider and decide whether or not the work and experience of the Board created by you indicates the desirability of any changes in the form of legislation, to make permanent the idea of an independent Board or Commission to scientifically and authoritatively make investigations and gather facts for the use of Congress in the consideration of Tariff Legislation.

In the report of our members contemplated by this request, the Committee would of course confine itself to methods and

systems and make no reference to information in the hands of the Board relating to specific schedules or uncompleted reports.

Very respectfully,
JOHN CANDLER COBB, *President*.

THE TARIFF BOARD,
Treasury Building, Washington.

May 2, 1911.

Dear Mr. President:—I have just received your note of May first enclosing letter from Mr. John Candler Cobb, President of the National Tariff Commission Association, asking authority from you to investigate the work of the Tariff Board, with the view to ascertaining how far the work up to date, and the program for the future, is in accordance with the principles advocated by this Association for the establishment of a permanent Tariff Board or Commission.

I beg to say that the Tariff Board are unanimous in welcoming this proposal, and that we shall be very glad indeed to have a committee of the National Tariff Commission Association make a thorough examination of our work, and to offer them every facility for doing so.

It is, of course, understood that no information given to us in confidence will be open to them, but this is not necessary for their purposes. Furthermore, we hope that this investigation may be made thoroughly, and that they will frankly report to you any criticisms which they may have to make of the work as now undertaken, so that we may benefit by them.

Sincerely yours,

THE PRESIDENT,
THE WHITE HOUSE.

HENRY C. EMERY.

THE WHITE HOUSE,
Washington.

May 4, 1911.

My Dear Mr. Cobb:—I transmitted your letter of May first to Chairman Emery of the Tariff Board for the comment of the Board, and send you herewith a copy of his reply, which is self-

explanatory. I accordingly have much pleasure in granting the request you make on behalf of your Association, and shall be very glad if the Committee making the investigation will send me a copy of its findings. Sincerely yours,

JOHN CANDLER COBB, ESQ.,

WM. H. TAFT.

PRESIDENT, NATIONAL TARIFF COMMISSION ASSOCIATION.

THE NATIONAL TARIFF COMMISSION ASSOCIATION.

HON. WILLIAM H. TAFT, *President*, Boston, June 16, 1911.

THE WHITE HOUSE,

WASHINGTON, D.C.

Sir:—In your letter of May 4, 1911, granting the request of the National Tariff Commission Association for permission to investigate, through a Committee, the organization and methods of the Tariff Board, you indicate that you would like to receive a copy of the Report of that Committee.

Our Committee having completed its work, I beg to hand you herewith a copy of its Report, the findings of which confirm and strengthen the principle for which our Association stands, namely, that an independent Tariff Board or Commission should be made a permanent part of the Federal Administration, for the purpose of investigating the technical and statistical facts relating to the Tariff, and reporting thereon for the information of Congress and the Executive. The Report indicates also that no material changes are needed in the form of legislation to this end which we have heretofore advocated before Congress.

The men appointed to serve on this Committee were selected with special reference to their experience and fitness to conduct the investigation. Geographically they represent New England, New York, Ohio, Illinois, Wisconsin and Texas. In business relations they represent widely diversified interests. Their character and standing are such as to entitle their findings to public respect and confidence.

Very respectfully,

NATIONAL TARIFF COMMISSION ASSOCIATION,

JOHN CANDLER COBB, *President*.

REPORT OF AN INVESTIGATION OF THE TARIFF
BOARD.

BY A COMMITTEE OF THE NATIONAL TARIFF COMMISSION
ASSOCIATION.

New York, June 14, 1911.

MR. JOHN CANDLER COBB, *President*,

THE NATIONAL TARIFF COMMISSION ASSOCIATION.

Dear Sir:—

UNDER the permission given, at your request, by President Taft, in his letter to you of May 4, 1911, the Committee of our Association selected to investigate and report on the organization, methods and work of the Tariff Board submits the subjoined Report.

The President's action was predicated on the concurrence of the Tariff Board, whose Chairman, in a letter to the President dated May 2, 1911, wrote:

"I beg to say that the Tariff Board are unanimous in welcoming this proposal, and that we shall be very glad indeed to have a Committee of the National Tariff Commission Association make a thorough examination of our work, and to offer them every facility for doing so."

Five members of our Committee went to Washington in order personally to investigate the organization and work of the Tariff Board, with which most of them were previously more or less familiar, and devoted much additional time to reviewing the information thus obtained and in reaching conclusions thereon. We undertook the investigation with open minds, without previous commitment or prejudice, either for or against the Tariff Board and its methods. Our effort throughout was to ascertain *facts*. The conclusions reached represent the unanimous judgment of the Committee.

Our investigation was so thorough, and the information gathered so voluminous, that our record of the results is necessarily somewhat extensive. To facilitate its use we have divided it into two parts, namely, the Report, which summarizes the essential facts and states our conclusions thereon, and a Supplement, which

contains a historical review of the Tariff Board and gives the detailed information on which our conclusions are based. Those who desire a full understanding of the matter should read both papers.

The Committee desires to record its appreciation of the cordial co-operation and assistance given to it throughout by each and all of the members of the Tariff Board. Unlimited opportunity was afforded us in our investigations of the work and methods of the Board, the organization of the staff, the rates of salaries paid, and the kind and amount of all other expenses incurred. Every inquiry by us was responded to unreservedly and satisfactorily. We are justified, therefore, in stating that our conclusions are based upon a full and intelligent understanding of the facts.

Respectfully,

HENRY R. TOWNE, *Chairman,*

President The Merchants' Association of New York.

JOHN KIRBY, JR.,

President National Association of Manufacturers.

CHARLES M. JARVIS,

Vice-President National Association of Manufacturers.

H. E. MILES,

Ex-President Nat'l Ass'n of Implement and Vehicle Mfrs.

J. J. CULBERTSON,

President Southern Cottonseed Crushers' Association.

FRANCIS T. SIMMONS,

Member Executive Council, Chicago Ass'n of Commerce.

REPORT.

1: ORGANIZATION OF THE TARIFF BOARD.

THE Tariff Board was created in September, 1909, and, under the instructions of President Taft, devoted itself exclusively to work relating to the application of the maximum and minimum Tariff rates, in our treaties with foreign countries, until April 1, 1910. For reasons explained in the Supplement, the Board was not organized for its permanent work until Octo-

ber 1, 1910. All that has been accomplished in investigations, statistical work and reports has been done since the latter date.

Our Committee was favorably impressed with the character, ability and fitness of the members of the Tariff Board appointed by President Taft. We think it fortunate that the country has been able to secure, for service in this new and untried field, five men who, on the whole, are so well equipped for their duties, so impartial, and able in so short a time to organize the work on an effective basis. In this connection it is important to keep in mind the fact that the functions of the Tariff Board are *administrative* and *judicial*, that its members were not selected as technical experts in any one field of industry, that the work of technical investigation will be done by many experts employed for this purpose by the Board, and that the highest function of the Board will consist in weighing the evidence thus gathered, in reaching sound conclusions thereon, and in embodying all essential facts in its reports. In this respect the Board acts as a Court of First Instance, to review the evidence gathered by its experts, and to pass judgment thereon. It thus fulfills the functions of a Commission appointed by a Court of Justice to make findings of fact for the information of the Court. Briefly the motto of the Board might be "To furnish facts, not opinions." Congress is and will remain the Court of Final Judgment, which will receive the findings of the Tariff Board and take such action thereon, if any as in the judgment of Congress may appear to be necessary or expedient.

The view has been expressed that each member of the Board should be an expert in some one field, the investigation of which would be referred to him, and that the Board should consist of fifteen, twenty, or even thirty members; but reflection will show that under this plan there would be no unity or co-operation in the work, that in effect the report on each subject would be by a Sub-Committee, and that the final result would be a series of unrelated and possibly discrepant conclusions and reports. The plan actually adopted wisely avoids this danger by making the whole Board a reviewing body to pass judgment upon the voluminous facts gathered and submitted by the experts employed for

this part of the work, all five members of the Board thus participating in every conclusion reached and judgment rendered. Thus far the final decisions of the Board have in every case been unanimous.

2: THE STAFF.

FOR the technical investigations which the work involves, the Board utilizes the services of trained experts, carefully selected with reference to their ability and past experience in each line of investigation taken up, and the experience thus far indicates that men possessing the requisite experience, skill and knowledge can be secured on fair terms. Members of our Committee passed in review every important employee of the Board (except those absent on field work), investigated their duties, ascertained the salaries paid, and thus informed themselves generally concerning the business organization and methods thus far developed. The resulting impression was unexpectedly satisfactory, and fully justifies the statement that the administration of the work of the Tariff Board is on a sound, economical, and businesslike basis, which does credit to the members of the Board and demonstrates conclusively their fitness to perform the *executive* function which their duties involve. Their equal fitness to perform, intelligently and impartially, the *judicial* function, which constitutes the other and greater part of their duty, may be judged from the two reports which they have thus far rendered and which are referred to in detail in the Supplement.

The development of the staff is shown in detail in the Supplement, but is summarized in the following table, which shows the total number of employees, of all kinds, on the several dates mentioned, viz.:

April 1, 1910, at completion of work on maximum and minimum schedules.....	12
October 1, 1910, permanent work fairly organized..	25
January 15, 1911.....	70
May 15, 1911.....	80

The present staff is as large as justified by the present annual appropriation, a considerable part of which is absorbed by other

expenses incident to the work. The present organization appears to be large enough for efficiency and good economy, but, if more rapid progress is desired, it would seem feasible for the Board to accomplish it in case Congress should see fit, for this purpose, temporarily to increase the appropriation.

3: *SCOPE AND PROGRESS OF WORK.*

OUR Committee, although previously familiar with the subject, was deeply impressed by the immense complexity and scope of the work which the Tariff Board has undertaken, and also by the progress already made in creating an organization for its effective conduct, and by the volume of work accomplished in the past eight months, or since October 1, 1910, when the Board was first effectively organized. The actual achievement during this short period justifies the prediction that the work on other important schedules can be completed in similar periods or less, and on the simpler schedules in proportionately shorter time. If Congress should deem it desirable that work on all of the schedules should be conducted coincidently, and should make the additional appropriation thus implied, the Tariff Board undoubtedly could arrange accordingly and thus accelerate the completion of work on all the schedules. When the initial work thus implied has once been completed, the continuing work of keeping it revised and corrected to date will be relatively easy and simple.

The situation at this date may be summarized as follows, viz.:

The Tariff includes fourteen schedules, lettered from A to N inclusive.

"Glossary" work has been started as to twelve of these schedules, is well advanced, and probably will be nearly completed by the close of this year.

"Field work" has been started as to four schedules, on which it is planned to consolidate until these are completed, whereupon work on others will be begun. The schedules referred to are: K (Wool and Woolens), A (Chemicals), N (Paper and Pulp), and I (Cotton Manufactures).

With the present appropriation of \$250,000 per annum, it

seems probable that all of the work of original research, covering all of the fourteen Tariff Schedules, will be completed within three years or a little more, say by December 1, 1914. When the original work has thus been completed, the labor and cost of keeping it closely corrected to date will be relatively small.

4: *COERCIVE POWERS.*

THE Tariff Board at present has no power to compel the giving of testimony, and thus far has found no need for such authority. The manufacturers who have been approached thus far have given the Board, voluntarily, free access to their books and records, and cordial co-operation in ascertaining and verifying all facts pertinent to the inquiry in hand. Tenders of similar co-operation from producers in other lines are being received, with every indication that the experience above referred to will be repeated with each new industry as it is taken up. These facts are a credit to American manufacturers, and justify the belief that they do not shun investigations of this kind, that they ask no unfair favors, and that they desire that future Tariff Schedules shall be framed with knowledge of all the facts and with fair regard for the interests of all the people. All interested in or affected by the Tariff should welcome the creation of an impartial and competent tribunal for this purpose.

While the Board thus far has found no need for coercive power in the procurement of evidence, we regard it as desirable that the Board should have conferred upon it the qualified power in this respect contemplated in the Bill making permanent the organization of the Board which was favorably considered by each House of the last Congress.

5: *REPORTS.*

THE Board has already filed two reports, (1) on "Canadian Reciprocity," and (2) on "Pulp and News-print Paper." It proposes in each future report to cover one, or possibly several, schedules, until all of these have been completed. Obviously it cannot and should not report concerning any schedule until its investigations relating thereto have substantially been completed,

for until then the members of the Board are not in position to pass in review the completed work of the experts, and to make final report thereon. To ask the Board to report before the completion of the investigations on which its report must be based, would be equivalent to asking a Court of Justice to render a verdict upon a case before it after hearing only a fraction of the available and essential evidence.

Our Committee is satisfied that the Board is working with great diligence, and with as great rapidity as thus far has been consistent with thoroughness and sound results, but, under a larger appropriation, as pointed out elsewhere, the work could now be considerably accelerated if Congress so desires. In this connection the Chairman of the Board has recently made the following statement, with which we concur, viz.:

"It would be inconsistent to expect of any such body that it should adopt the new standard of thoroughness demanded of it, and yet be prepared to make a complete and carefully matured report on any subject at a moment's notice. Such investigations are arduous, and involve the collection of a vast amount of data from many parts of the world, and when these data are received, they require careful tabulation and analysis before they can be scheduled properly for a report.

"On the other hand, a Tariff Board should confine itself within the field of the practical, and realize that with due diligence promptness may be combined with accuracy. Furthermore, as such work progresses, it may be pushed with increasing rapidity as the machinery of investigation which had to be created anew for the first inquiries is available and in improved working order for each new task."

Commenting on one of the issued reports, an official of the Royal Imperial Ministry of Commerce of Austria, regarded in Europe as a leading authority on Tariff questions, says:

"The report is excellent and in line with the latest theory, and I know of no European publication which so correctly interprets the most important features of the question of commercial policy as does your report on the paper industry. This is a very good beginning, and I already see that you will soon leave all the European Government Departments far behind in the publication of model reports on questions of commercial policy. This report will attract great attention in Europe."

Referring to the same report, the President of the American Paper and Pulp Association, which, through its officers, gave willing and valuable aid to the Board, has asked for 800 copies of the report, and says: "I consider it a most valuable book, which should be in the possession of every manufacturer."

The observations of our Committee confirm and justify these favorable comments. We believe that the reports of the Tariff Board, as they are issued, will prove to be of great value not only to Congress and the Executive Departments of the Government, but also to American producers, in all fields of industry, collectively and individually. We predict that this opinion will be endorsed by the latter as rapidly as they have opportunity to receive and study the reports relating to their respective lines of industry.

At present the Tariff Board exists only by executive order, and, therefore, its reports are addressed to the President through the Secretary of the Treasury. It is earnestly to be hoped that at an early date Congress will enact a law making the Tariff Board a permanent part of the machinery of the Federal Government, and in so doing Congress presumably will make provision whereby the Board shall, on request, report directly to Congress, or to either House thereof, concerning any matter within its field of investigation and concerning which its work has been completed, or is sufficiently advanced to enable it to respond to such a call.

6: EXPENDITURES AND APPROPRIATIONS.

CONGRESS appropriated \$75,000 for the use of the President in securing information in the manner authorized in Article 718, Section 2, of the Payne-Aldrich Bill, of which over \$25,000 was unexpended on June 30, 1910. The net expenditure of the Tariff Board up to the latter date was thus under \$50,000.

Congress next appropriated the sum of \$250,000 for the expenses of the Tariff Board during the fiscal year commencing July 1, 1910. It is estimated that about \$50,000 of this will be unexpended on June 30, 1911. The net expenditure for the fiscal year will thus be within \$200,000.

The total expenditures from the beginning to July 1, 1911, will thus be within \$250,000.

As the work of the Board is now organized (June, 1911), the expenditure involved is at a rate about equivalent to the present appropriation. As a similar appropriation exists for the next fiscal year, it will thus suffice for the continuance of the work at the present rate.

In conclusion, our Committee finds that the Tariff Board is composed of able, impartial and earnest men, who are devoting their energies unreservedly to the work before them; that the staff has been carefully selected for the work in view, is efficiently organized and directed, and includes a number of exceptionally competent technical experts; that the scale of salaries is reasonable, indeed very moderate, and that all other expenditures are closely scrutinized and appear to be equally reasonable; that the work of the Board, vast and intricate in detail, is already highly organized, well systematized, and running smoothly; and that Congress and the people can now await the completion of that work with entire confidence that it is progressing as rapidly as consistent with proper thoroughness, and that it will amply justify all of the time and expense which it entails. We believe that the value of the work, when completed, will be so great and so evident as to leave remaining no single doubt as to the expediency of maintaining it as a permanent function of the Government for the benefit of all the people.

SUPPLEMENT.

THE Tariff Act of August 5, 1909, commonly known as the "Payne-Aldrich Bill," contains in Art. 718, Sec. 2, the following provision:

"To secure information to assist the President in the discharge of the duties imposed upon him by this section [that is, relating to the application of the maximum and minimum rates] and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required."

Under the authority thus given, the President, by a letter

dated September 14, 1909, appointed three persons to assist him in the manner contemplated by the Act, and designated them as constituting "The Tariff Board." The persons so appointed were:

PROFESSOR HENRY C. EMERY (Chairman), Professor of Political Economy in Yale University.

ALVIN H. SANDERS, Editor of the "Breeder's Gazette" (a leading agricultural journal), and for thirty years a student and writer on agricultural subjects.

JAMES B. REYNOLDS, Assistant Secretary of the Treasury, and, for some four years previous, in charge of customs.

The members of the Board met for the first time September 24, 1909, and at this meeting issued a letter to importers concerning the application of the maximum and minimum provisions of the new Tariff Law. About October fifteenth the Board received instructions from the President, through the Secretary of the Treasury, to proceed to investigate and report concerning the application of Art. 718, Sec. 2 of the Tariff Act to our treaties with foreign nations, and to assist the Department of State in conducting the negotiations relating thereto, the instructions stating that, when this work was completed, the Tariff Board should then apply itself to ascertaining the costs of production, at home and abroad, of all articles covered by the Tariff Schedules.

The work relating to the application of the "maximum and minimum" provisions of the Tariff Act involved an exhaustive investigation of all commercial treaties with all nations, and the provisions of the Act required that this work must be completed by April 1, 1910. The work thus involved occupied the Tariff Board exclusively until that date, by which time it had successfully been completed. It involved the analysis of the tariffs of every other country, most of them expressed in foreign languages, measures and values. The negotiations conducted by the State Department, with the assistance of the Tariff Board as to technical matters, were of vast importance to the commerce and industry of the country. They removed all undue discriminations against the United States, without resort to reprisals by

the application of the maximum Tariff rates, and resulted in many Tariff concessions from other countries which we had never before enjoyed. The benefits thus secured were vast and lasting, thus saving the country from Tariff wars, and they were well worth all they cost in time and money. And yet some persons, not appreciating these facts, and ignoring the order of the President that the Tariff Board should devote itself exclusively to this work and complete it before beginning its investigation of "costs," criticized and condemned the Board because it had not, forthwith upon its creation, applied itself to the latter work. On April 1, 1910, when the Board had thus completed the work first assigned to it, its employees were twelve in number.

For the work assigned to the Tariff Board Congress appropriated the sum of \$75,000 for the fiscal year ending June 30, 1910, of which on the latter date \$25,795.80 was turned back into the Treasury unexpended.

Upon the completion of its initial work, April 1, 1910, the Tariff Board was unable to formulate its further plans by reason of the fact that no appropriation existed for the continuance of its work after June 30, 1910. By an Act passed June 25, 1910, Congress appropriated the sum of \$250,000 for the expenses of the Tariff Board during the fiscal year commencing July 1, 1910. Anticipating the chronological sequence of events, it may be stated here that the unexpended balance of this appropriation on May 1, 1911, was \$112,004.28 (excluding the April payroll, due but not paid), and that it is now estimated that the total expenditures for the fiscal year ending June 30, 1911, will not exceed \$200,000, thus leaving \$50,000 of the appropriation unexpended. As the work is now organized, however, the full amount of the present appropriation is needed and is being effectively used.

On May 11, 1910, Professor Emery went to Europe to lay the foundations for the future work of investigation there, and to study European methods of conducting Tariff investigations. He spent most of his time in Germany and Austria, with brief visits to London and Paris. He returned July sixteenth.

On June fourteenth Mr. Reynolds went to Europe in order

to utilize his previously acquired experience and acquaintance with the Special Agents of the Treasury Department, and to secure the benefit of their experience and knowledge in matters pertaining to foreign costs of production. Also to arrange for securing a full line of samples of certain European products needed in the textile investigation. His trip covered numerous places in France, Italy, Switzerland and Great Britain. He returned October first.

During the summer of 1910 Mr. Sanders remained in Washington and devoted his time to finding men qualified to serve on the staff of the Tariff Board. Their selection demanded great care and much investigation. The work proposed was new, serious, wide in scope, highly technical, and its ultimate success depended upon the ability of the Board to secure men of the right abilities and experience. That they have been successful in doing so is demonstrated by the facts set forth in the Report.

The first definite appointment of a technical expert was made in July, 1910, the position involving charge of the foundation work relating to Schedule K (Wool and Woolens), which thus was the first schedule to receive attention. In August another appointment was made of a Special Agent who was sent to Australia to study and report on the wool industry of that country.

On September 6, 1910, Chairman Emery submitted a report to the Secretary of the Treasury giving the results of his European trip and of his investigation of European methods. During this month the "Glossary" work was started and the Field force organized by the appointment of some eight or ten picked men.

The "Glossary" work above referred to had its origin in the instructions given by the President to the Board, that, in connection with its other work, the Board should "translate the Tariff into plain English" by showing the ad valorem equivalent of every rate embraced in the Tariff Schedules, whether such rate, as fixed by the law, is specific, ad valorem, or compound. In carrying out this plan the Board has found it expedient to incorporate with it a large amount of additional statistical data.

necessary for its work and of great public interest. As a result the "Glossary," when completed, will show, as to each important article of product enumerated in the Tariff Law, the following facts, viz.:

- Kind of material,
- History and development of the industry,
- Geographical distribution of the industry,
- Technical description of product,
- Technical description of processes employed—domestic and foreign,
- Uses, for consumption or for further manufacture,
- Statistics of production—domestic and foreign,
- Existing duty, and ad valorem equivalent,
- Previous duties, and ad valorem equivalents.

The greater part of this work of compilation is already done, and it is expected that the "Glossary" will substantially be completed by January, 1912, and thereafter will be published in sections, each covering the facts relating to one or several Tariff Schedules, and issued coincidentally with the report of the Board on such schedules. Most of the statistical material needed was already in existence, although it had never before been combined and utilized in the manner now proposed.

The "Glossary," when completed, will be a mine of information for Congress and the people on all statistical subjects relating to the Tariff, and will be invaluable in all future work of Tariff revision. While its original preparation has entailed a vast amount of work, its value will amply justify the moderate cost entailed. The work of keeping the "Glossary" complete and corrected to date in the future will be comparatively light and inexpensive.

On October 1, 1910, the Tariff Board was fairly organized, all three of its members were again at home, it had twenty-five employees selected and engaged and its "Field work" was planned and started. This date marks the real commencement of the work of the Board in investigating and determining "costs of production at home and abroad." Practically all that the Board

has accomplished in this its permanent field of operations has been accomplished since October 1, 1910.

The term "Field work" used above relates to the work of experts employed by the Board in visiting industrial plants, at home and abroad, to investigate their products and processes, and, by personal inspection of their books and records, to obtain, at first hand, all information essential to determining, on a *uniform basis* for each industry, previously planned by the Board, the actual cost of production for each product investigated.

On January 1, 1911, the staff of the Tariff Board was well organized and its work in full swing, the number of names on the payroll being seventy. The Senate, by a resolution adopted February twenty-third, called on the Board for an immediate report on the then pending Canadian Reciprocity Bill, and on Farm Products. By calling in men from field work, and by working nights and a Sunday, this report was completed in *five days*, and was handed in on February twenty-eighth. It covers 132 printed pages and is fully responsive to the resolution.

During the short session of the Sixty-first Congress, ending March 4, 1911, several Bills were introduced intended to make the Tariff Board permanent, increasing its number to five, and more clearly defining its powers. A Bill to this effect was adopted by each House of Congress, in slightly different forms, but failed of final enactment during the last hour. It is greatly to be hoped that a Bill of this kind may be passed by the present Congress, at the earliest practicable date, thus guaranteeing the permanence of the Tariff Board and its work, and removing both from the field of partisan politics.

On March 4, 1911, President Taft appointed two additional members of the Tariff Board, thus raising its membership to five, and in doing so selected Democrats, the three previous appointees being Republicans, thus giving practical effect to two of the provisions of the Bill above referred to. The two new appointees were:

PROFESSOR THOMAS W. PAGE, Professor of Economics in the University of Virginia, and previously Dean of the College of Commerce, University of California; and

HON. WILLIAM M. HOWARD, for fourteen years a Member of the House of Representatives, from Georgia, and a Member of the Foreign Relations Committee in the Sixty-first Congress.

On May fifteenth, seven and one-half months after its effective organization, the Board handed in its first completed report on a Tariff Schedule. This is a report of 134 printed pages on "The Pulp and News-Print Paper Industry," and can properly be regarded as a specimen of the work which the Board can accomplish. As such it should be noted carefully by all American manufacturers. It will be referred to in detail later. On this date the number of names on the payroll of the Board was seventy-eight, including thirty-one men engaged in "Field work," four of the latter being in Europe, and the remainder in domestic plants.

The Tariff embraces fourteen schedules, designated by letters A to N. The first selected for investigation was Schedule K, Wool and Woolens. The work on this will be finished, as to raw wool for all countries, during July, and it is expected to have the remaining work, relating to Woollen Manufactures, completed, including the "Glossary," so that the entire report will be finished and available by December, 1911. The work is very broad in its scope, has disclosed numerous discrepancies and errors in previously accepted authorities, and will have great permanent value. Work was next started on Schedules M (Paper and Pulp), A (Chemicals), and I (Cotton Manufactures). The work on the first of these is now about 80 per cent completed, on the second about 40 per cent, and on the third about 33 per cent. Work has not yet been commenced on any of the other schedules, except that the "Glossary" work, as above stated for all schedules, is well advanced towards completion. By the same date the Board expects to submit its report on Schedule I (Cotton Manufactures), complete with "Glossary," and the "Glossary" relating to Schedule A (Chemicals), which will be of exceptional importance because of the relations of this Schedule to many others. The whole field force of thirty-one experts is now engaged on the textile schedules, K and I, in the domestic and foreign markets, and the work of the Board is being con-

ducted on as large a scale as is justified by the present appropriation.

The Tariff Board hopes to utilize, in connection with Schedule C (Iron and Steel) and Schedule D (Lumber), much of the data heretofore accumulated by the Bureau of Corporations of the Department of Commerce and Labor. It is greatly to be desired that the work of the two Bureaus, where it overlaps, should be so co-ordinated as to avoid needless duplication and to advance the purposes of both.

Work on the subjects covered by Report No. 1, on the Pulp and Paper Industry, above referred to, began October, 1910, and the Report was forwarded to the President May 15, 1911. In the "Field work" from five to eight experts were employed, during an average of about three months. In the office work two persons were employed about one month in the preparation of the necessary forms, two persons about one week in visiting plants to verify the correctness of these forms, and twelve persons about two months in digesting and tabulating the data obtained by the field force. In this industry every domestic manufacturer who was called on responded unreservedly to the requests of the Board, except one small manufacturer, who, however, consented later. This was done not by furnishing *ex parte* statements (as in Congressional investigations heretofore undertaken), but by opening their *books* to the field representatives of the Tariff Board, and by permitting the latter to obtain all desired information, and to verify its correctness by all necessary checks. All of this was accomplished by the voluntary co-operation of the manufacturers, and without the possession by the Board of any coercive powers. This experience was repeated in Canada, where, after some reluctance at first, the manufacturers co-operated with equal willingness and unreserve. The data thus obtained relating to the Pulp and Paper Industry covered 80 per cent of the domestic production and 78 per cent of the Canadian production.

As illustrative of the value and possibilities of the work of the Tariff Board, this Report (of 134 pages) may be compared with the Special Report of the Sixtieth Congress, Second Session,

House Document No. 1502, relating to the same subject, which is embraced in five volumes, containing 3,366 pages, and an index volume of 284 pages, the investigation having commenced in April, 1908, and closed in March, 1909. The essence of this Report of the Tariff Board is contained in Tables 4 and 5 on page 28, and in Table 17 on page 52. The facts contained in these tables afford a sounder basis for intelligent action by Congress than has ever heretofore been available, although the Report is replete from beginning to end with useful and enlightening data. One of the significant facts brought out is the wide discrepancy in plant efficiency, due partly to size and location, but chiefly to quality of equipment. The evidence thus developed should have a wholesome influence in stimulating all owners of plants of low efficiency to secure the obvious benefits to be obtained by conforming them to the best modern practice.

It is already apparent that the co-operation of manufacturers, given so unreservedly in the Paper and Pulp investigation, can confidently be looked for in other industries. It has definitely been tendered by leading interests identified with the cotton, woolen, steel, and chemical industries. The reluctance of manufacturers to co-operate, which at first was anticipated, if it ever existed is yielding to the influence of experience and good judgment, and bids fair ultimately to disappear. The producer who believes that he needs and should have protection should be willing to furnish facts in support of this plea, and the experience thus far tends to show that a majority, if not all, of those interested in the Tariff are ready to assist the Tariff Board in ascertaining impartially, accurately and completely all of the essential facts in each industry involved. With this co-operation assured, we are convinced as to the ability of the Board to accomplish the important work for which it has been created.

The organization of the Tariff Board on May 26, 1911, was as follows:

Members of the Board.....	5
Executive Secretary of Board.....	1
Private Secretaries to members and Official Reporter.....	2



FRANCIS T. SIMMONS,
Ex-president Chicago Association of Commerce

File Clerk	1
Assistant File Clerk.....	1
Statistician	1
Technical Experts in field (1 in Europe).....	3
Chief Examiners in field (both in Europe).....	2
Representatives in field (1 in Europe).....	4
Statistical Clerk and Chart Maker.....	1
Statistical Clerk and Stenographer.....	1
Statistical Clerks	2
Agents in field.....	18
Examiners in field ..	3
Examiners in office	4
Chief Examiner in office.....	1
Stenographers in office.....	8
Librarian	1
Clerks	10
Special employee (loaned by N. Y. Custom House).....	1
Technical Export in office.....	1
Messenger	1
Assistant Messengers	3
Telephone Operator	1
Charwomen	2
Total	<hr/> 78

COMMENTS OF THE PRESS

THE PHILADELPHIA PRESS

in a leader under the caption of

"SHOULD BE TAKEN OUT OF POLITICS"

Says:

Sooner or later tariff duties in this country will be largely, if not wholly, determined upon the expert examination and report of a non-partisan tariff board, or commission, the technical designation is not important. The tariff question is not necessarily a political one. The business sentiment of the country is unquestionably in favor of taking it out of partisan politics.

Under Republican auspices two distinct attempts have been made to secure tariff revision by expert methods, wholly separated from partisan considerations. Thirty years ago President Arthur, under the authority of an Act of Congress—which significantly enough was initiated by a Democratic Senator from Connecticut—appointed a commission composed of persons not members of Congress, whose duty it was to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining and industrial interests of the United States, so far as necessary to the establishment of a judicious tariff, or a revision of the then existing tariff, upon a scale of justice to all parties.

That commission was chiefly an experiment, and it was not entirely non-partisan, for it was composed in the main of avowed protectionists though it recommended considerable reductions in most schedules. The Republican party has since decisively recognized the importance of a scientific instead of a partisan revision of the tariff. That policy was established when upon the recommendation of President Taft an expert Tariff Board was provided for in the Payne-Aldrich Bill. The work of that Board would have guided a Republican Congress in a scientific revision of duties, but a Democratic House of Representatives was elected before it had time to make its report, and as the Democrats were, at that time bent upon a partisan revision the reports of the experts were ignored.

The situation has evidently changed. Leading Democrats are now professedly in favor of an expert commission even though they show no disposition to apply it to the revision of the coming extra session. The tariff is not properly a political question. It

affects too intimately the business and industrial prosperity of the country. To make it the football of politics only means trouble, and each party in turn has had its experience with it.

NEW YORK SUN, AUGUST 29TH, 1911, says:

REVISION BACKED BY INFORMATION.

In his Massachusetts speech of Saturday Mr. Taft committed himself to "scientific" tariff revision, that is to say to revision based on information, or knowledge of conditions, as opposed to revision, based on pull on the one hand, or on simple theory on the other.

Mr. Taft has said many times that he thought the tariff on wool imposed in the present law was higher than it ought to be. He will not be a bit surprised if he finds that the Tariff Commission reports that way. Indeed he would be very much surprised if the contrary were the case. The President has anticipated the report of the investigators. But he wants to have the report, for that will, or ought to, indicate to Congress how far it ought to go in cutting down.

It is, therefore, amusing to observe that the *New York Times* is greatly agitated over the bad quarter of an hour which Mr. Taft is to have, whatever the report is:

"Now, suppose the report of the Tariff Board should be of such a nature as to justify rates below those fixed in the Underwood Bill. That would show that Mr. Taft had entirely misjudged the result and had done injustice to its authors in imputing haste and recklessness to them in preparing the new rates. On the other hand, suppose the board's report should indicate the necessity of duties considerably higher than those fixed in the Underwood Bill. Does the President suppose, do the woollen manufacturers or the friends of protection generally imagine for a moment, that the country would accept such a report as a fair and impartial presentation of facts fit to serve as a basis for the revision of that schedule? Would it not, on the contrary, be everywhere said that the President's Tariff Board was but a part of the great protectionist organization cooperating with the Republican party and with the President himself to maintain the 'indefensible' duties of Schedule K?"

The second alternative may be dismissed as beyond the range of human interest, because it is too improbable. But the first is fallacious. For the sake of argument, and with no disrespect to anybody, take an analogous case, for no two cases are quite parallel. The other day a negro was lynched without trial or inquiry,



HON. CURTIS GUILD,
Ambassador to Russia

just lynched. Suppose that somebody, in defending the precipitancy of the eager citizens, were to make this reply to one who advocated care in such matters: "How awkward it would be for you, sir, if an investigation should show that not only was the wretched creature guilty of this crime but of many others. That would show that you had entirely misjudged the act and had done injustice to its authors in imputing haste and recklessness to them in preparing the bonfire."

In the one case, as in the other, there is the same confusion of mind. Hanging followed by trial may be justified by no fact subsequently discovered. To make rates first and find out afterward whether they are justifiable or not is equally a case of putting the cart before the horse.

THE CHICAGO TRIBUNE, JUNE 13, 1910.

If Congress were amenable to the popular desire it would make immediate provision for a permanent tariff commission. The country has had enough of logrolling, trading tariffs. It was gratified by the assurance of the Republican platform that the tariff was to be revised on the basis of the difference in the cost of production at home and abroad. It would be satisfied with duties levied on that basis.

If Congress were to pass a law at this session creating a tariff commission it would allay discontent. It would be a promise to the country that it should have in the near future a scientific, honest revision of the tariff, based on trustworthy data. There is a bill before Congress to establish a tariff commission.

The Commercial Bulletin in Boston controlled by Hon. Curtis Guild in an editorial, says:

Under a Protective system backed by just such a scientific Tariff Commission German industry is fairly leaping to the front.

Japan's commission, organized in the same way, is about to report.

The manufacturers of Great Britain are paying the expenses of a similar, but unofficial commission, that when that nation abandons the utterly discredited Free Trade policy the facts, the absolute truth about trade may be at hand for her new tariff.

Let in the sunlight, get out into the fresh air.

The suggestion that we should cling to our old-fashioned schedules "Made in Politics" is as absurd as the suggestion, solemnly made in the days of the American Revolution, that the Continental Army be armed with bows and arrows on the score of economy.

Why not utilize modern methods already proved wise by others? Let us get rid of general tariff revisions now and forever and henceforth amend from time to time only such schedules as need to be amended. Let's start now with Schedule K. Let's have the full facts investigated, with no slap dash votes but deliberately and in detail.

This is no time for half way measures nor deathbed repentances. The choice is between resurrection or annihilation.

THE POINT OF VIEW OF OTHERS.

In the *Economic Review* published in Boston in March, 1913, Mr. William S. Culbertson of Washington, D.C., writes of the work of the Tariff Board in connection with Wool legislation and what he says is very significant and points its own Tariff moral, if any Tariff ever had a moral! His words are as follows:

The Tariff Board was never intended to be a rate-making body. Its friends aspired to make it a substitute, not for Congress in its legislative capacity, but for the Ways and Means Committee in their capacity as collectors of tariff information. Under the Federal Constitution it is practically certain that Congress could not delegate legislative power to a board, but it can give power to investigate and report findings of facts. In the second place, these questions suggest a belief, common enough in these days, that there are certain rates which once suggested would be accepted by all as obviously correct. To state this proposition is to answer it, for it must be clear to anyone acquainted with American tariff controversies that the abuse hurled at the Tariff Board last winter would be as nothing compared to the abuse such action would arouse. The fact of the matter is the Tariff Board never intended to go beyond reporting facts and it persistently refused, under urgent political demands, to give even an opinion of what rates it considered equitable and just. No one realized the difficulties of the problem as well as the members of the board themselves and they declined to allow the zeal of those who saw the limitations of a Tariff Board less clearly than they, to defeat its real usefulness. Tariff making is fundamentally a question of theory rather than a question of statistics. There is no set of rates which are obviously and absolutely equitable and just, for the question which must always be answered first is: "Equitable and just on what political and economic theory?" Rates equitable and just from the standpoint of revenue might be very inequitable and unjust from the standpoint of protection. In like manner, rates

equitable and just from the point of view of national exclusiveness might be very inequitable and unjust from the point of view of active foreign competition. It will be profitable to examine further the political and economic difficulties in the way of delegating the power of making or recommending rates to a Tariff Board or commission.

No board could suggest rates until it assumed the tariff policy of some political party to be desirable. Obviously it is not within the province of pure reason to decide which is preferable—a tariff for revenue only or a protective tariff. Complete statistics and facts might be gathered on all the schedules of the tariff act and still this question would be no nearer solution. Its answer is found in the political sentiments of the electorate and as long as the voters are the ultimate source of power in the United States the answer must come from them. If the voters, through their representatives in Congress, were unanimously in favor of a given tariff policy this obstacle to delegate rate-making power to a board would be removed for the time being; but it often happens, as it did in the Sixty-second Congress, that different tariff theories prevail in the majorities of the two branches of Congress. In such a case no board could remain non-partisan that did not attempt to recommend rates based on both tariff theories. It is not likely that the two or three political parties will very soon agree upon a common tariff program, and, until they do, no commission can take the tariff out of politics.

In the past, the political premises on which Congress has prepared tariff acts have been determined at the polls and it seems hardly probable that the people will ever relinquish this right. The Tariff Board as it was constituted of course had no power even to recommend rates, but this discussion should make it clear that if it had undertaken this task it would have been forced to premise its conclusions with some political theory of tariff making.

The political difficulty which stood in the way of the Tariff Board's recommending rates having been outlined, there is the economic difficulty to be noticed. If the board had assumed for the purpose of making a set of rates that a given political tariff theory were desirable, it would have been face to face with the question of efficiency. In the Tariff Board's report on Schedule K there is a vast amount of information relating to efficiency and economic conditions which no tariff maker can disregard; but the use of it removes the task of rate making from the field of mathematics to that of personal judgment. Rate making becomes, then, no longer the work of a statistician, but the work of those with authority to say what the policy of the country is to be regarding a particular industry.

In pursuing their argument they consider, in the first place, the sheep in the Eastern States. They claim that the high cost of production of fine merino wool, as shown by the Tariff Board, proves not that high protection is needed, but that it is economically unprofitable to maintain in the United States the fine-wooled merino sheep; that the crossbred flocks, which produce wool at a negligible cost, are peculiarly adapted to the farming conditions of our Eastern States; and that if the tariff on wool were removed the owners of the fine-wooled flocks would be forced to cross their ewes with the mutton breeds and by this means the wool-growing industry of the East would gradually become a profitable supplement to general farming, as it is in Great Britain, and not a highly specialized industry, as it is to-day in parts of Ohio and Michigan.

Continuing their argument, these advocates of free wool turn to the great flocks of our Western ranges and they contrast the breeding, pasturing and management of the flock-masters of Australia, New Zealand, and Argentina with the conditions in our West. They claim that if the methods of the former were adopted in this country the costs of producing wool would be reduced so that our flock-masters could compete successfully with all the world without the tariff. They admit that free wool would force a readjustment in the West as well as in the East, but they say it would place the industry on a much sounder economic foundation.

On the contrary, the advocates of high protection can argue from the part of the Tariff Board's report treating of wool-growing that the rate on merino wool should be even higher than eleven cents per pound. It is said that very fine merino wools are becoming more and more scarce each year with the inroads which the mutton sheep are making upon the merino flocks of the world; that unless the source of supply of these wools is maintained, certain phases of wool manufactures cannot continue; and that this source of supply cannot be preserved unless a high level of protection is maintained. Very plausible arguments can also be made in favor of the existing status of the wool-growing industry because a lowering of the duties would inevitably cause suffering both among the sheep owners and those employed in the industry.

Much useless debate would be prevented if men would consider their tariff theories more carefully. It is useless for a protectionist Republican and a tariff-for-revenue Democrat to debate the desirability of the rates in a particular bill; they should debate premises, not conclusions. The conclusions of this article, therefore, should be judged in the light of the premises laid down at the beginning. No one of the bills considered is desirable from all points of view. The Underwood Bill may be desirable from the

standpoint of the Democrats, but undesirable from the standpoint of the protectionist. And so with each one of the bills. This point at least should be clear from this discussion.

Public men and economists have not sufficiently appreciated the services of the Tariff Board. These services were obscured by political animosities, aggravated by attacks made upon the board for personal and party reasons. He who wishes to pick flaws in the Tariff Board's report on Schedule K can do so with ease. Viewing its work constructively, however, it may be fairly said that the Board did more for an honest, scientific revision than all the committee hearings and investigations which preceded it. However unsatisfactory its work may be in the eyes of some of its critics, the fact remains that its work is infinitely more satisfactory to the impartial observer than the work of the committees of Congress. Its faults are chiefly those of omission. It came to its work without a precedent in this country or abroad to guide it, and every step in the work presented difficult problems. When the time comes, as it soon will, for Congress to establish a permanent tariff commission, this commission will take up the work where the Tariff Board left it, and perhaps only then will be realized the worth of the public service of the members of the Tariff Board.

THE NEUTRAL LINE

WAS REPRINTED IN A THIRD EDITION (MAY, 1913).

*With Foreword by John Candler Cobb and Introduction by
Henry R. Towne.*

FOREWORD

FOR over four years the National Tariff Commission Association has conducted a campaign of discussion, consideration and education through the business organizations of the United States which has covered every section of the country, and I think I may say, has resulted in giving to all kinds and conditions of men, in all parts of the United States, a very clear idea of what a Tariff Commission means. While there are some scoffers who still believe that it is impossible to get our Congress to treat the tariff in a business-like manner, on a basis fair and equitable to all, the unquestioned general sentiment is that in the Tariff Com-

mission idea lies the means of preventing the trading and log-rolling which has characterized and will characterize tariff bills enacted under the present system.

The magnitude of the work of reaching all parts of the country and interesting it in a discussion of this kind can hardly be realized by those not engaged in it, and it has only been accomplished by the most thorough and systematic presentation of the case, and the constant exchange of views by correspondence, speeches and especially through the press.

In this work no single statement of our cause has been of as great value, or in as continuous demand from those interested in the subject, as the address of Mr. Henry R. Towne given at the first Tariff Commission Convention at Indianapolis in February, 1909, and afterwards published under the title "The Neutral Line."

In publishing the Third Edition of this address I wish, on behalf of our Association, to call attention to the fact that the clearness, directness and simplicity of the argument has stood the test of an intense discussion to a remarkable degree, and to express to the author our appreciation of his work.

JOHN CANDLER COBB,
President National Tariff Commission Association.

INTRODUCTION.

THE continuing demand for the paper entitled "The Neutral Line," which is reprinted in the following pages, necessitates the issuing of this third edition. That demand emanates from organizations and individuals who have occasion to study the subject of our method of framing tariff laws, and who desire information concerning the essential facts involved. This paper is believed to present those facts as fairly and fully as any yet prepared.

The argument for a permanent, impartial, and qualified body of technical experts, to collect, analyze, and tabulate statistical and technical data pertinent to the tariff schedules, is not only as strong to-day as when the following paper was written in 1909,

but has been demonstrated and intensified by the subsequent experience of this country in tariff legislation.

The Payne-Aldrich Tariff Bill was formulated by the Republican majority in Congress under substantially the conditions which obtained in previous cases, as briefly referred to on page 22 of the paper. The Underwood Bill, now pending before a special session of Congress called for its consideration, has been formulated by the Democratic majority in Congress under practically like conditions. During January last the Ways and Means Committee of the House gave a series of hearings on this Bill intended to afford all concerned opportunity to be heard. With a few exceptions, one day was assigned to the hearing of each of the great tariff schedules and the few hours thus available to the many vast and varied industries affected by each schedule were apportioned by minutes to those who sought to be heard. These assignments of time for each industry or group of industries varied from one hour or more down to ten minutes or less. The inadequacy and absurdity of this method of attempting to deal with great interests, and with innumerable technical problems, is self-evident, and is shown by the many discrepancies and anomalies embodied in the proposed Underwood Bill, as conceded even by those who favor its adoption as the best bill attainable by our present antiquated method.

No one who intelligently comprehends the subject suggests that the pending bill should be held up and action on it postponed until a Tariff Commission can be created, and shall have reviewed the bill. On the contrary, men of all parties and all interests unite in conceding that the downward revision of the tariff, which was decreed by the country at the election in 1912, should be accomplished as speedily as possible, so that the uncertainty which now prevails may be terminated, and that business may proceed to adjust itself to the new conditions. What is desired, however, by the great and increasing number of those who, since 1909, have urged the creation of a permanent Tariff Commission, is that, immediately following the passage of the pending tariff act, legislation shall be enacted creating a per-

manent governmental body to commence the work of compiling and maintaining the fund of statistical and technical information which hereafter should be available to Congress when framing or amending tariff legislation.

Experience has shown that each and every tariff bill framed by the old methods has been full of inconsistencies, errors, and inequalities, and this fact has always formed the chief argument of those who have clamored for the repeal of an existing tariff law, and the enactment of a new one. This statement will apply to the pending bill, and must apply to every future bill until we have reformed our *method* of constructing and revising our National Tariffs. So long as our *method* continues to be hopelessly wrong and ineffective it is useless to expect that any tariff bill, however sound and acceptable to the country in principle, will be sound and correct in detail, and therefore assured of general and lasting acceptance. The defect in our *method* is the attempt to determine the vast number of essential facts, a knowledge of which is essential to intelligent tariff making, by means of hearings, however prolonged, of a Committee of Congress, composed of men having many other duties, few of them having any of the needed technical training and experience, and all of them under the necessity of reaching conclusions, within a few months at longest, upon questions affecting each and all of the vast and varied industries of the nation. Every other great industrial nation has long since recognized the utter inadequacy of this *method*, and has substituted for it the modern system of continuous research by a permanent staff of trained and competent experts, the fruits of whose work are available to the legislative body and are utilized by the latter as the foundation for its tariff legislation.

No one is longer misled by the argument formerly used that the modern method of a Tariff Commission, or its equivalent, would imply the usurpation of the legislative function of Congress. Under the Constitution, Congress, and Congress alone, has the power to impose taxes to provide our national income, and the tariff is a tax. The tariff *policy* of the nation is determined by the people at our national elections, and is formulated

into law by their representatives in Congress assembled. Whatever that policy may be, whether a tariff for revenue or protection, or any intermediate plan, it is of vital importance to all interests, and to all the people, that the plan or policy adopted should be applied intelligently, correctly, and with the most complete possible understanding of all the underlying facts. The function of a Tariff Commission is to ascertain, record, and report these facts, leaving Congress free to deal with them as it may see fit.

The present time, we submit, is most opportune and favorable for the enactment by the party in power of a law creating a permanent body of tariff experts for the purpose thus outlined. The Republican party enacted a new tariff bill in August, 1909, which when superseded will probably have lasted about four years. The Democratic party is now about to enact another tariff bill, differing radically in principle from its predecessor, which may have a shorter or a longer life. Since 1890, when the McKinley bill was enacted, we have had in all four tariff acts, their average life thus being less than six years each. It would not be reasonable to assume that the life of the bill now pending will be longer. Both of the two great political parties should recognize the facts herein pointed out, and unite now in legislation which, without further delay, shall create and set in motion an effective governmental agency for conducting the vast and constantly increasing amount of technical and statistical work involved in the gathering, analyzing, and compiling of the information needed by Congress as a basis for intelligent tariff legislation, and which every future Congress, of whatever political complexion, is fairly entitled to have to guide it in one of its most important functions. This reform in our method of procedure in these matters is now well understood by a great part of our people, and is favored by all who understand it. Almost without exception it is not only favored but demanded by the great industrial and commercial interests which the tariff chiefly affects. In enacting legislation needed to effect this reform, Congress will thus be responsive to the needs and the wishes of the country.

HENRY R. TOWNE.

PROPER TARIFF MACHINERY.

In May, 1912, the author of this history had an interesting series of interviews with representatives of the National Prohibition Party and was impressed with the fact that for twenty or more years that party had unhesitatingly endorsed a Tariff Commission plan.

The Tariff Commission Association was asked to furnish to the Prohibition Party a brief statement outlining a broad gauged Tariff Commission plan.

Mr. Cobb, the President of the Tariff Association, prepared a paper having the same title as this chapter. Mr. Cobb said:

The question of Tariff Reform has been for a generation one of the most vital questions before the country, and has probably had more general and serious public discussion than any other. It has constantly been a political issue, and while on the one hand it has been discussed on the stump in the most exaggerated manner, on the other hand it has been for years carefully and seriously considered by many of the best and most earnest men of the country.

The result of this consideration was that a few years ago certain men deeply interested in the subject came to the conclusion that Congress and the public had been hopelessly involved by confusing two questions that should be clearly divided and segregated, viz.:

1st. The broad economic principle on which the country desires the tariff to be based. That is to say, whether the country desires high protection, low protection, or a tariff for revenue only. This broad principle is a proper political question, to be considered by political parties, discussed by the press, and settled by the country at the national elections.

2nd. The application of the principle, when once established. This is an administrative question, and should be treated carefully and scientifically, to the end that the country may have confidence that its verdict at the polls has been clearly and honestly carried out.

It is our opinion that the most serious and unsettling results

of tariff action and discussion have arisen from the fact that these verdicts of the country have not been carried out consistently and logically. This charge stands equally against both of the great political parties. The Payne bill, enacted by the Republicans, and so generally and seriously criticised as not being consistent with the Republican platform which, in the minds of the public, called for moderate protection, with no especial advantages, is not one whit more inconsistent with that platform than was the Wilson bill, enacted by the Democrats, inconsistent with their platform declaration for a revenue tariff.

The principal reason for the inconsistencies and the confusion which have aroused and disturbed the public mind is unquestionably the fact that Members of Congress, generally, are not fitted by training for tariff revision, this most intricate of fiscal problems; that no preparation is made by either party until revision is demanded at the polls, after which everything is hurry and rush; that the "hearings" held by the committees of Congress having the tariff revision in charge are necessarily too brief to give any adequate consideration to the thousands of articles upon which the tariff is levied; that at these hearings only the side of the parties interested in having a high rate of duty is ever effectively presented, while the consumers who must pay the resulting tax are rarely heard or represented; and that the Members of Congress, generally with perfect honesty and sincerity, feel a responsibility to look after their particular locality and the interests which they feel are specifically in their charge. The result of all this is that the consideration of tariff legislation, instead of being an attempt to apply a predetermined principle fairly and equitably, has resolved itself into a scramble by most members to get for their respective districts the most they can, this resulting in the lamentable exhibitions of log-rolling and trading which have characterized the framing of our tariff bills for a generation, and, according to the influence and ability of the members, in giving to certain sections, or industries, undue advantages, and leaving other sections without their fair share, all to the detriment of the country at large. To such an extent has this been true that no careful student can even claim that

the different schedules of the last half dozen tariff bills are in any way consistently based on the same economic principle.

In short, the conditions under which this highly technical and vastly complex subject is now dealt with would be ludicrous, if they were not so utterly inadequate and unfair.

As a cure for these conditions we believe there should be established a permanent, non-partisan Tariff Commission, composed of men of special training and experience along industrial lines, which should continuously investigate and report to Congress existing conditions as to the working and effect of existing tariff laws, its reports to be published and open to the investigation and discussion of the public and the press, and used by Congress as a basis for tariff legislation.

This idea took form and force at the great gathering of business men of all parties and sections which constituted the Tariff Commission Convention at Indianapolis, in February, 1909. The work there started has been aggressively and earnestly continued by the National Tariff Commission Association, formed as a result of that convention.

The first real progress made was in securing the insertion into the Payne tariff bill, with the utmost difficulty, of a single ill-defined sentence authorizing the President to employ such persons as he thought best to investigate the question of the maximum and minimum provisions of the bill. Under this indefinite authority, the President created a Tariff Board which, although lacking two important elements—permanence and direct responsibility to Congress—has been an example of great value of the possibilities that may be expected from a permanently established Tariff Commission. The reports of this Board are unquestionably the best and most thorough reports of tariff conditions that have ever been made, and the facts and figures presented have to a remarkable degree withstood the test of public investigation and criticism.

The work for a Tariff Commission is a work directed to securing the substitution of scientific and business-like methods, similar to those used by Germany, France, Japan, and other modern countries, for our existing illogical, unsound and un-

economic system. It is a work directed to securing fair dealing and equality, and should command the support of everyone who desires sound and consistent betterment of the governmental conditions under which we live.

AN IMMEDIATE RESULT.

The importance of the report of the Tariff Board and its value caused many unbelievers to work for its continuance. No even-minded individual could gainsay the advantages possessed by such a complete organization. The Glossary alone as it was being worked promised a value to our foreign trade interests which more than equalized the entire appropriation asked for.

In any event the final report of the Board on the Woolen Schedule (Schedule K) was so complete that President Taft in the summer of 1911 sent it to Congress with a special message to which was attached the findings of the Investigating Committee of the National Tariff Commission Association.

As a part of the educational work of the Association 100,000 copies of the President's message with the investigation were distributed among the business men of the country.

The attitude of the Democratic Party in tariff matters took such form that to give the details which are already so well known would hardly find space in this volume and aside from this are not applicable to the spirit of the Tariff Commission movement which has been one void of criticism as to any particular schedule.

A SYSTEM OF EDUCATION.

The year which followed was full of effort, there was a silent working out of principles, there was a constant communication with those of our legislators who could see the handwriting on the wall and who were also convinced that this question of a tariff commission as a permanent institution in connection with our Government was a vital one and would have to be met by whatever party might be in power.

The issue as it proved to be was the most talked about of any for generations and business men, bankers, manufacturers

agriculturists and the laboring men began to know something of the antiquated iniquitous methods of tariff making, and the panacea. For months this was the work of the Tariff Commission Association. This organization was continually growing in strength until nearly two hundred Chambers of Commerce and Boards of Trade and Business Organizations had joined the parent body and had lined themselves up for concerted action in favor of this the real method of any tariff revision present or future, and I feel justified in saying here that the responses to appeals made for assistance in the furtherance of this important movement were generous in the extreme and the Association has thus been able to extend its influence. There is always in the minds of those who are responsible for the movement a certainty as to its ultimate success.

The election of 1912 came and went, a Democratic President was elected and a Democratic House. Perhaps the tariff was the main issue, perhaps the question of whether any revision of the tariff should be scientific or along the old lines formed an argument in the campaign; in any event the Democratic Party when it took the helm in the current year was fully alive to the demands of the people that there was but one honest way for any revision of the tariff, one practical way and that was a scientific way.

It is not the purpose of the author to continue, especially in this volume, the story of the first efforts of the present administration in constructing a tariff bill or of criticising it. What is being done is fresh in the minds of the people, when all this becomes history it may be the writer's privilege to continue the tale and to write down that the Democratic Party have finally met the people of the United States and given them what they demand, what to them is a necessity, and a method of adjusting our tariff which will not put us to shame in the eyes of what we must feel are the more enlightened nations, especially in scientific tariff procedure.

The last word is the careful and conscientious address of the Chairman of that Tariff Board, whose work was allowed to go into the archives unfinished because of no continuing appropria-

tion, and yet even in the archives has a great value as demonstrating to any master of tariff making that the methods employed and worked out by the Tariff Board are scientific, are thorough, and show an efficiency really superior to that of the nations who first set us the example.

In April, 1913, Professor Henry C. Emery, Chairman of the late Tariff Board, Delivered the Following Address Before the Boston Chamber of Commerce on

METHODS OF TARIFF MAKING.

THE Tariff seems to have been the leading topic of discussion and political agitation throughout the last five years. We have heard a vast amount of argument for and against the general principle of protectionism, and for and against particular tariff rates. Together with this there has been a large discussion of the whole question of the method of tariff making which should be adopted, regardless of whether the rates are to be high or low in themselves.

Much dissatisfaction had been felt with the system of hasty legislation without adequate knowledge of industrial facts, based only on a compromise between the conflicting statements of interested parties. The result was an agitation for a non-partisan Tariff Commission. Such a body was never formally created by Congress, but an experiment of this nature was made by President Taft in virtue of certain rather vague powers vested in him by the Act of 1909. That Act had been framed according to the old method and it was the hope of many business men that a change might be effected for the future. Unfortunately, under the exigencies of the political situation, this Tariff Board became itself a partisan issue and was abolished about two years after it had begun its investigations of the domestic Tariff. Since then the new party in power has proceeded to outline a tariff policy of its own and to prepare a complete Tariff Bill, relying, as had the Republican Congresses before them, on the old methods of securing information, only acting with even greater haste.

I am here not to discuss these measures themselves, but rather

the question whether either these measures or those which preceded them show that the interests of all classes of the community require the establishment of some improved method of securing that knowledge of facts which must be the prerequisite of any satisfactory legislation. Please notice that the new method will be simply a method of increasing knowledge and nothing else. Much has been said about "taking the Tariff out of politics" by means of a Tariff Commission. Obviously no such thing is possible. The interests of different economic groups in tariff making are divergent and there will always be difference of opinion on the broad problems of tariff policy. Consequently, the Tariff must always be a party issue. And the representatives of the people in Congress must, of course, determine the policy to be adopted and the rates to be enacted according to the mandate given them by the voters.

What can be taken out of politics, however, is the investigation of the facts themselves. These can be established through the investigations of an unprejudiced body without party affiliations; and what is more, they can only be established by continuous and patient investigation of the details of business conditions. Whichever party is in power or whatever policy may be determined on, it seems certain that our Tariff Acts will for decades to come impose duties on a vast variety of articles which are manufactured in this country in competition with foreign producers. If this is to be the case, accurate knowledge regarding industrial conditions is equally essential whether we are to have a protective Tariff from one party, or what is called a competitive Tariff from the other. Frankly, I find it difficult to see much difference between these two principles. The party in power seems to be taking the attitude that what it wishes to do is to equalize conditions of competition so as to put the domestic and the foreign manufacturer on the same footing. In any case, however, it would seem that the policy of neither party can be carried out intelligently without adequate knowledge as to the relative conditions of competition in this and other countries.

Can such knowledge be secured? It has been held by some conscientious critics that the reports of the Tariff Board show

that the facts regarding costs and prices differ so much from place to place and from time to time that it is hopeless to attempt the securing of facts sufficiently definite to be useful for legislative purposes. I cannot enter into that question in detail here. To me, however, it seems obvious that one of the most valuable contributions of a board of this character is to bring out both the fact of these divergences and their extent.

Take, for instance, our investigation into the pulp and paper industry. It is true that it revealed a great variety of costs among different plants, but this very fact of variation needed to be carefully considered by the legislator. What was done was to show exactly what proportion of the home output was produced between certain narrow cost limits, and to show the same thing for the leading competing country. This was clear-cut and definite information which had never been provided before. In the same way the seeming indefiniteness of the report on raw wool, due to the great variety of costs in different sections of the country, was offset by showing the proportion of the domestic clip produced under these varying conditions of cost, so that the legislator could see what the effect of change of rates would be upon different sections of the country and different qualities of wool.

The trouble with much tariff debating in the past has been that it has been theoretical and general. It has been maintained on the one side in sweeping terms that higher wages in this country mean higher labor cost and a consequent handicap on the domestic consumer. On the other hand, it has been maintained with equal vigor on the other side that these higher wages are more than offset by the higher efficiency of American labor, by better machinery, or by greater advantages in the way of natural resources. The trouble with all such arguments as these is that there is no general rule which can be applied to all industries, or even to all branches of the same industry. In some cases American labor is more efficient, in some cases American manufacturers have better machinery, in some cases they have better natural advantages; but in many other instances this is not the case at all.

Here an impartial investigating body can be of the greatest service. Altogether too much stress has been laid on the one question of cost of production in the work of the Tariff Board. I am convinced that in many cases this can be adequately secured, but in any case a study of the greatest value can be made of the relative speed and efficiency of machinery in different countries, of the number of machines tended per operative, the output per machine operative, and so on. This is exactly what was attempted, and, in large measure, carried out in the reports of the Tariff Board regarding the cotton and woolen industries. On the basis of such investigations it is no longer a question of theory, but strictly a question of fact, as to whether in the manufacture of any particular article higher wages in this country are or are not offset by the greater efficiency of labor and machinery.

No sweeping general assertions can be made which are not a sheer waste of time on matters of this kind. It must be settled as a matter of fact in each individual case.

A great deal has been said about the more intelligent methods of tariff making adopted by foreign countries. We certainly have a lesson to learn from them, although we should clearly recognize that our whole theory of legislation is different from theirs, and that we cannot adopt European methods outright. In Europe the system of cabinet government prevails, under which all measures of importance are first framed by the government for presentation to Parliament. In this country bills originate in Congressional Committees, and I do not know that anyone would advocate as a practical measure a change of this system. It is only a question whether we cannot add to it some new machinery by which such committees will be better equipped to handle the problems which confront them.

The advantage of the foreign system is that it provides for a permanent staff of trained experts in the different departments of the government, who make a life study of the problems involved in such legislation and acquire an accumulated knowledge of industrial conditions which is constantly at the service of their superiors, whether in the administration or in Parliament. These government officials are not legislators concerned with many

other affairs, but are trained experts of permanent tenure, who devote themselves solely to this question and have years of experience behind them. They are free both from the pressure of local business interests and from any political bias. They do not have to consider the effect of their conclusions either upon their own tenure of office or upon the success of any particular party. The hearings are not crowded into a space of a few months, so that an overworked committee is not swamped with material which it cannot fully comprehend. The work goes on, day in and day out, over a period of years, and is conducted continuously by the same men who have received and carefully considered every complaint regarding the tariff which has been made from any source during the whole time of its operation.

In this country no such body exists. Veteran members of the Ways and Means Committee have acquired a wide familiarity with the details of the subject, but even they are hampered by the fact that they have many other problems on their hands, and no time to make an independent study of industrial conditions. They are dependent mainly on the conflicting testimony of prejudiced and interested parties. Furthermore, every change in party control means that the work must all be done over again under the pressure of public clamor. The leaders have inevitably in the past been more concerned with opposition as a minority than with constructive legislation. However great their ability, however good their intentions, they inevitably find themselves very much at sea. Recent Tariff Bills reflect this condition clearly. Despite the conscientious work of a few majority members of the Ways and Means Committee, the various bills have been full of inconsistencies both as to classifications and rates which are justified on no principle, but are clearly the result of haste and inadequate information. The Free List Bill of the last Congress and the free list in the proposed new Tariff offer many illustrations. It was intentional to tax wheat and cattle, while making flour and meat free; but in the case of the leather schedule, the jute schedule, the steel schedule, and others, the taxation of the raw material and the removal of duties on the finished product were obviously errors of carelessness. Why

tax jute yarn, for instance, and put bagging on the free list, or make nails free while taxing the wire rods from which they are made?

An interesting illustration of the inconsequence with which tariff rates are framed is to be found in the suggested duties on tops. The original Underwood Bill revising Schedule K provided for a duty of 20 per cent on wool, 25 per cent on tops, 30 per cent on yarn and 40 per cent on cloth. The LaFollette Bill in the Senate provided for 35 per cent on wool, with similar increases of 5 per cent on tops, 10 per cent on yarn, and 20 per cent on cloth. The Bill came out of conference with a compromise duty of 29 per cent on wool. If either the House Bill or the Senate Bill had been correct previously, one would have anticipated a duty of 34 per cent on tops and 39 per cent on yarn. Instead, the bill appeared with a rate of only 32 per cent on tops and 35 per cent on yarn. No explanation for this change was given, and it seemed to be an obvious error due to some misunderstanding.

This became all the more certain when, after the veto of the bill by the President, bills were again introduced in the extra session. Again the Underwood Bill was re-introduced exactly in its former shape, making the duty on tops 5 per cent greater than on wool. The same was true of the LaFollette Bill in the Senate. It was clear, then, that this margin was considered by the framers of both bills to be correct, but again when it went to conference it came out exactly as in the previous year with a margin of only 3 per cent additional. This obviously was tariff making for politics only, with a knowledge that the bill would be vetoed by the President.

But now see what happened. When the measure of this year was being framed it was at first proposed to put a duty of 15 per cent on wool, again a slight change of policy from the previous bill. Under the influence of the President, however, wool was put on the free list, but now tops are given a duty of 15 per cent and yarn a duty of 20 per cent. Under what possible theory of either revenue or protection can the same legislator advocate within a short time a duty of 20 per cent on wool with

25 per cent on tops, 29 per cent on wool with 32 per cent on tops, and free wool with 15 per cent on tops?

If the rates of the Conference Bill had been adopted, it was evident to any person familiar with the fact that, with the relatively high duty on wool and low duty on tops and yarns, instead of there being a great increase of the importation of wool, this was likely, if anything, to be diminished and an importation of tops and yarns to take its place. Under the present rates there will be a much larger importation of wool and probably a much smaller importation of tops than would have occurred under the rates first proposed. Is this a conscious reversal of policy as to what kinds of imports we need? It seems to me rather an illustration of lack of knowledge and mere guesswork as to what the rates in either case would bring about, whether in the way of yielding revenue or in the way of stimulating or destroying industry.

In view of the fact that the welfare of producers, merchants and consumers is so much affected by technical problems of this kind and the interests of all these classes are so dependent upon the mere guesses which are made in many cases as to classification and rates, I believe that the business men of the country will continue to demand some addition to our administrative and legislative machinery by which problems of this kind shall be settled on the basis of unprejudiced, non-partisan investigation.

Such a policy does not mean that the power of Congress in the matter of tariff making would be decreased in any way. In fact, it would be increased as power is always increased through additional knowledge. It has been variously suggested that such a body should be an independent commission appointed by the President; that it should be appointed by the Speaker of the House; that it should be appointed by and attached to the Ways and Means Committee; that it should be made a bureau of the Department of Commerce; that it should be made a bureau of the Department of the Treasury.

Whatever scheme may be adopted, several things should be kept in mind. First, these problems cannot be solved merely by a force of statistical clerks. They are not problems of statis-

tics or mathematics, but require a broad grasp of industrial conditions in various parts of the world, and can only be properly met by a body which has at its disposal adequate powers and adequate funds for careful and independent investigation.

Second, such a body, however appointed, should be in closest touch with the Ways and Means Committee of the House and should receive instructions from that committee regarding what investigations are of primary importance for the legislation which the majority in power proposes to undertake. At the same time, its usefulness would be entirely destroyed if it were to be a mere attachment of the Ways and Means Committee, to be changed with every change in party control.

Third, if it is to have the confidence of the legislator, the business man, or the public at large, it must be composed of men competent to handle business problems from a broad point of view, and of such independence of tenure and high standing that its utterances will be impregnable against the assertions of grasping private interest on the one hand, or of local or partisan prejudice on the other.

Fourth, its work must be continuous and too much must not be asked from it at the outset. It is absurd to suppose that a new body of this kind can be created to handle adequately all these problems at once, just as it is unreasonable to expect a new Ways and Means Committee to avoid mistakes. The real benefits from such a body would come, not from temporary and sporadic investigations, but from the accumulated experience of many years.

I personally believe that these results can best be obtained by an independent commission, but the essentials are continuity of action, independence of tenure, broad appreciation of business and economic problems, and close co-operation with the Ways and Means Committee.

